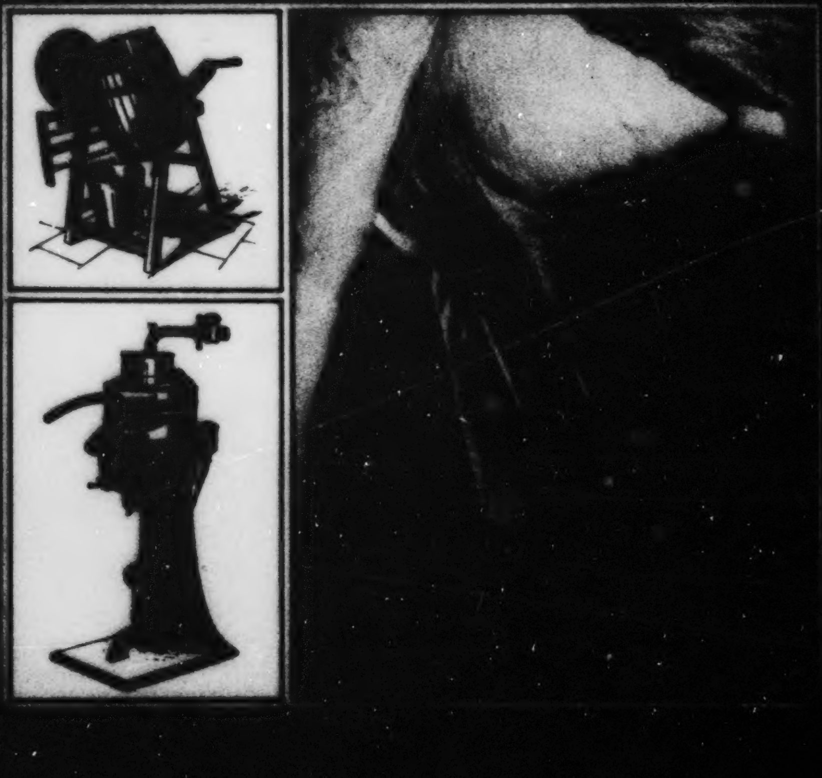
An Unfailing Faith



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An Unfailing Faith

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A History of the Saskatchewan Dairy Industry

by Gordon C. Church

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FOREWORD

Professor Church has written a very full and very interesting history of the dairy industry in the area now known as Saskatchewan. Not only has he set out details of the beginnings and the growth of the industry but he has also elaborated on the policies and circumstances that variously affected the component parts of the dairy world. Altogether, a scholarly and a readable account!

Prairie Canada was indeed "the last best West." It was the last frontier hence not a transitional area which would mature as a new frontier opened. Professor Church explains how officials with pre-conceived ideas of the text book process of maturation found their plans and policies blunted, even thwarted, by the stubborn economic facts of the region. Indeed, he explains how governmental policies and concepts interfered at times with the play of economic forces.

This history will be of interest to all who read generally on prairie society. It will be of particular interest to those who have a direct interest in the production and handling of dairy products. This is much more than a recital of economic facts. It is a keen analysis of geographic influences, governmental policies and the influence of leaders in the dairy field as an industry passes through the pioneer stage to become a stable element in a settled society.

John H. Archer
Regina, 1984

PREFACE

Much has been written about the settlement of the Canadian west and the importance of wheat in the development of the Canadian economy. Little has been written about the dairy industry on the Canadian prairies. This emphasis is both understandable and justified because successful development on the agricultural frontier was dependent upon the production and export of wheat. Indeed, the dairy industry in the Canadian west is associated with slow growth and concern over the high degree of specialization in wheat production upon which development depended. Little wonder, then, that the existing literature gives only passing reference to the struggle to develop a viable dairy industry on the prairies. The history of dairying is associated with the instability of income that accompanied specialization in an export staple upon which higher levels of income depended.

It is also true that much has been written regarding the role of agricultural co-operatives on the Canadian prairies. Most studies of this agricultural co-operative movement make reference to the Saskatchewan Co-operative Creamery Company, and assume that it represented the extension of co-operative principles to the dairy industry in Saskatchewan. This study shows that co-operation in the dairy industry was co-operative endeavour in name only until the concept of pooling was adopted by Saskatoon area farmers in the 1920s. The so-called co-operative creameries that were established in Saskatchewan should be referred to as government creameries. A thorough understanding of the origins and nature of "co-operative" business organization is necessary. The Saskatchewan Co-operative Creamery Company was not a true co-operative until it was completely re-organized in 1939.

This attempt to record the trials, tribulations and successes of those engaged in Saskatchewan's dairy industry had its beginnings when the Saskatchewan Dairy Association appointed a committee to supervise such a history in 1974. The members of this committee were J.E. Ridley, W.W. Brown, J.S. Turnbull, D.A. Crouch, L.T. Clark and D.A. Ewart. J.S. Turnbull and D.A. Crouch died before the completion of the task, but both contributed valuable documents and offered insights that have enhanced the quality of the history. L.T. Clark, at one time general manager of the Dairy Producers Co-operative in Saskatchewan, gave leadership in the early stages of the study. J.E. Ridley provided most of the biographical material and obtained information that otherwise would have been overlooked. W.W. Brown's enthusiasm for recording the history of the Saskatchewan dairy industry has been unsurpassed, and he wrote essays on the operation of creameries, refrigeration, and technology. These have been turned over to the Saskatchewan Archives Board. D.A. Ewart, as secretary of the Saskatchewan Dairy Association and of the history committee, co-ordinated the correspondence and the meetings of the history committee. Saskatchewan dairy men and women, both retired and active, provided the committee with accounts of their own experiences. These letters and tapes will be deposited in the Saskatchewan Archives. The support and patience of the directors of the Saskatchewan Dairy Association has been of the utmost importance in the completion of this work. The staff of the Saskatchewan Archives Board, both in Regina and Saskatoon, made research both fruitful and enjoyable.

Dr. J.W. Brennan and other members of the Occasional Publications Board of the Canadian Plains Research Center, University of Regina, have read several longer versions of this history, and have made suggestions that resulted in a shorter, more readable book. Dr. L.G. Crossman, formerly of the University of Regina's English Department, read the first draft and made valuable suggestions. My wife spent many hours at a typewriter. The continued interest and support of C.W. Blight was a source of inspiration.

Dr. John H. Archer's aid as an editor was invaluable. Gillian Wadsworth Minifie, Co-ordinator of Publications at the Canadian Plains Research Center, spent many hours in the task of seeing the manuscript through to final publication.

This study, in its final form, may not fully satisfy those who wished to read more about the many interesting personalities who found their life's work in the dairy industry. It may not fully satisfy those who desired to read a more analytic study of the role of the dairy industry in Western Canadian agriculture. Responsibility for the final version rests with the author.

GORDON C. CHURCH
REGINA, 1984

ONE

THE DAIRY INDUSTRY IN THE WESTERN WORLD AND NATIONAL POLICY IN CANADA, 1850-1905

Developments in Agriculture 1850-1905

The phrase "the last best West," as applied to the interior plains of western Canada to attract would-be settlers to the area, takes on added significance when the attempts to establish a regional dairy industry are examined. Although the settlers who took up farming on the Canadian prairies eventually concentrated on wheat and beef cattle, the promoters of the dairy industry had an unfailing faith in the premise that eventually, as in other more mature agricultural areas, dairying would become an important source of prosperity. The reasons for this belief are to be found in the experience that many of the early settlers brought with them from Europe, or from eastern regions of North America. However, the uncompromising environment of the Canadian prairies militated against the development of a dairy industry. While the environment could be conquered, the fact that no new frontiers of virtually free land were to be available could not be overcome.

In Europe, industrial changes concentrated population in urban centres and provided markets for agricultural products of all kinds. At the same time, the products of the new industrialization were available only to those farmers who entered the market to sell. The relatively self-sufficient, non-specialized farmer who incidentally entered local markets with occasional or seasonal surpluses had no place in this scheme of things. The market system, as a control mechanism allocating resources and directing production, penetrated into all aspects of social and economic life.[1] The necessity to adjust to the dictates of the market brought revolutionary changes in the methods of agricultural production. And, as the flow of grain produced on the virtually free land of the western frontier increased, European and then North American farmers in the settled areas of the east seized upon other profitable lines of agricultural production. They expanded their output of dairy products.[2]

For centuries, the processing of dairy products had been associated with production on the farm and the self-sufficiency of the individual farm home or collective farm community. As urbanization created markets for dairy products, and as farmers in mature agricultural areas were forced out of grain production by the frontier's low-cost grain, dairying became a specialized activity. Market forces not only dictated change, but caused that change to be consistent with and integrated with the market. Factory production of dairy products replaced home production; specialization replaced diversification.

The production of dairy products in factories, rather than on farms, began in North America. North American farmers were less bound by tradition and more constrained by the fact of a less dense population than their European counterparts. The first cheese factory was organized in 1851 by Jesse Williams in New York State. Williams, a skilled cheesemaker, gathered milk from his neighbours' dairy herds and combined it with milk from his own herd to produce cheese for market. Less than two decades later (by 1866), there were more than five hundred cheese factories in New York State alone.[3]. The first cheese factory in British North America was established between 1863 and 1864 by H. Farrington of Oxford County, Ontario. By 1870 there were 323 cheese factories in Ontario.[4]

The commercial or factory production of cheese preceded commercial butter production. Home butter production did not require the maker's daily attention; cream was accumulated and the butter was made once a week by the women on the farm. The first butter factory (or creamery as butter factories are called) was established in New York State in 1861.[5] The first creameries in Canada were established in Québec in 1873.[6]

The factory system of producing butter and cheese was not common in Europe until the 1870s. Two co-operative cheese factories were in operation in England in 1870,[7] while the first co-operative creamery in Denmark was established in 1875.[8] In England, the development of a substantial market for fluid milk checked the development of butter and cheese factories, and England became the market for butter and cheese produced in Denmark, Canada, and the United States. Canadian dairy policy was influenced by a desire to compete successfully in the English market.

Advances in preservation technology and in refrigerated transportation expanded the size of the market for dairy products and made greater specialization possible. For centuries it had been known that the complex nature of milk from goats, sheep, and cattle made possible the manufacture of a variety of nutritious products. The processes whereby this variety of foodstuffs emerged from milk were little understood, however, nor were techniques available to overcome the perishable nature of these products. Trial and error had been the basis for success, and the discipline of the market had neither penalized nor rewarded.

The New Technology

The western world's dairy industry is based upon the milk of the cow. Cow's milk is composed of fat, protein, lactose, minerals, and water. The amount of each of these ingredients in milk varies with the breed of cow, the individuality of each cow, diet and the length of time the animal has been milked in each lactation period. On the average, cow's milk contains 4 percent fat, 3.5 percent protein, 4.9 percent lactose, .7 percent minerals, and 86.9 percent water.[9] The fat, which is lighter than all other milk constituents, is dispersed in the milk in the form of microscopic droplets or globules, each surrounded by a film which preserves its individuality. When milk is allowed to stand, the lighter fat globules move to the surface and cream is formed. When this concentration of fat globules is removed, the product which remains is called skimmed milk. Skimmed milk contains all the constituents of milk except the fat.

Cheese is manufactured from whole milk. It is a product into which a large part of the milk solids are gathered in a form that is nourishing, relatively non-perishable, and convenient to transport. The solids in cheese are the casein, the fats, and most of the minerals found in milk. When rennet (an abstract from calves' stomachs) is added to milk the casein becomes a homogenous, gelatinous solid called the curd. Enclosed in coagulated casein are globules of fat. That part of the milk which remains liquid is called whey. Whey contains much less food value than skimmed milk because both the fat and protein content of the milk have been removed from it. The curd is cut into cubes and stirred in the whey while the temperature of the mass is raised to ninety to one hundred degrees Fahrenheit (thirty-two to thirty-eight degrees Centigrade), and held there for one hour. Then the whey is drained away and the curds are allowed to mat. The matted curds are made into blocks which are piled one upon the other to expel any remaining whey. The blocks are turned periodically. This matting, piling, and turning is called cheddaring and the product, after pressing and aging, is called cheddar cheese. There are, of course, many other varieties of cheese.

The first step in butter production involves the separation of the fat globules contained in the milk. Prior to the invention of mechanical means, this was accomplished by allowing the milk to stand in shallow pans. After the fat globules had accumulated at the surface, they were skimmed off with a thin flat instrument, usually made of tin, called a skimmer. About 1870, it was discovered that if milk was set in deeper vessels and at cool temperatures, the separation of the cream was faster and more complete. In order to bring about rapid cooling, containers not more than one foot (30 cm) in diameter were placed in ice or cold spring water. In what became known as the Cooley system, the containers were completely immersed in ice water. The cream separator, invented by Gustav de Laval in Sweden in 1877, substituted centrifugal force for gravity in the separation process. This mechanical means of separation came into commercial use in the 1880s and its use spread to individual farm dairies in the 1890s.

Once the fat globules in milk are in a more concentrated form, butter can be made. Buttermaking is the process of forcing the fat globules together to form a solid, by a mechanical process called churning. Churning involves percussion. In home dairies, a wooden paddle is forced up and down through the cream, or the cream is rolled in a barrel especially designed for the purpose. When factory production began, larger, modified barrels were used. The resulting solid contains no significant amount of milk constituents except fat and vitamins, especially vitamin A.

Butter can be made from sweet or ripened (sour) cream. Ripened cream is cream in which lactic acid has been produced by fermentation. However, the amount of lactic acid present in the cream before the churning process begins depends on the flavour required. When too much lactic acid is present, the casein in the milk coagulates and appears in the butter as undesirable white flakes or specks. If creams of different degrees of acidity are brought together (which is inevitable in factory production) thorough mixing is necessary. Creams of different degrees of acidity churn differently and much of the butterfat may be lost. Cream with too high an acidity can be neutralized by the addition of a weak alkali, such as sodium carbonate or lime.

Because the value of cream for buttermaking depends upon its fat content, a prerequisite of the commercial use of cream for buttermaking purposes was the development of a practical test for butterfat. At first, creameries tested the buttermaking qualities of cream by taking a sample and actually churning it. This method was inconvenient, time consuming, and subject to error. It also required a relatively large sample of cream which, to a large factory, was costly. The so-called oil churn test was developed to overcome these problems. In this test, a sample of cream was placed in a test tube and agitated until the fat was separated in solid form. The fat was then melted (by placing the test tube in warm water) and allowed to float to the top. The clear, liquid fat at the surface could then be measured and the quality of the cream from that sample ascertained. The churn test could not be used to test the fat content of whole milk.

A more practical test for determining the fat content of both milk and cream was devised in 1890 by Dr. S.M. Babcock, a chemist at the Wisconsin Agricultural Experiment Station. Babcock used sulfuric acid to destroy the non-fat solids in milk. He then used centrifugal force to separate out the fat in a sample of cream or milk. The amount of fat in the sample was measured in a graduated cylinder and it was easily ascertained how much fat, in percentage terms, was contained in the milk or cream from which the sample came. This cheap and simple method of determining the value of milk and cream for buttermaking purposes removed one of the last barriers to the complete integration of the butter industry with national and international markets, although farmers continued to produce butter for sale in local markets for many years.

The fact that the quality of milk for cheesemaking depends to a large degree on its casein content meant that the Babcock test for calculating fat content was not directly applicable to a method of purchasing milk for cheesemaking on a quality, rather than a quantity, basis. It became acceptable practice to measure the fat content of milk and to assume a positive correlation between fat and casein content to enable the purchase of milk for cheese to be based on quality. The problem to be solved, however, was the same as that found in the butter industry — a procedure for determining the quality of the raw material that could be made consistent with the demands of the price system.

The more that was learned about the quality of milk and cream and the methods of testing for quality, the more obvious it became that there are significant differences in milk production capability among various breeds of dairy cattle and between individual members of the same breed. Production for the market could not tolerate dairy cows which were "boarders" — that is, cows which consumed the same amount of feed as others but which produced a lesser amount of saleable output. The closing years of the nineteenth century witnessed the establishment of herd books recording the pedigree of purebred Holstein, Ayrshire, and Jersey cattle. Dairy herd associations began to appear and these provided farmers with a means of recording, and having recorded for others to peruse, the milking capacity and butterfat production of individual cows.

Scientific breeding and selection gradually became commonplace in the dairy industry.[10]

The development of specialized commercial dairying depended upon improvements in other industries. The railway made it possible to transport milk and milk products quickly and economically from outlying rural areas to urban centres. Milk was moved into Boston by rail as early as 1838 and into New York by rail before 1842.[11] In England, the flow of milk from the country into London did not begin in earnest until after 1865.[12] On the Canadian prairies, the railway played an indispensable role in the development of dairying because the farming population was widely dispersed and distant from urban markets.

Long distance transport of fluid milk and other dairy products depended on advances in refrigeration technology. Ice was the traditional coolant and it continued to be important in the dairy industry until well into the twentieth century, although the basic principles of artificial machine refrigeration were developed in the nineteenth century. Ice was made by mechanical means in the 1850s and cold storage was provided by mechanical means on ocean-going vessels by the 1870s.[13] By the end of the century, the Canadian government was subsidizing the construction of cold storage facilities at creameries, at warehouses, and on ocean-going vessels, to assist Canadian farmers to compete in the English market for butter and cheese. Fluid milk transported to urban centres in refrigerated rail cars was at first placed in cans of tinned steel plate but, by the end of the century, a demand for and a supply of milk in glass bottles was a characteristic of the fluid milk trade.[14]

Fluid milk is subject to contamination by disease germs. Dairy cows can be carriers of bovine tuberculosis and milk contaminated with tubercular bacteria transmits the disease to humans; typhoid fever and diptheria epidemics also have been traced to impure fluid milk. Before a safe supply of fluid milk could be made available to urban populations, it was necessary to develop cleaner, more sanitary dairies, disease-free dairy cattle herds, and safer methods of distribution. Saskatchewan dairying was at the forefront of such developments.

In the 1860s, the work of Louis Pasteur showed that heat could kill micro-organisms that caused fermentation or disease. Heat can also alter the physical state of the food or beverage to which it is applied. Adequate pasteurization equipment for milk was developed in the 1890s; however, the pasteurization of milk for human consumption was delayed long after that because of pseudo-scientific fears that the process might harm the nutritional quality of milk.[15] The increased costs of preparing pasteurized milk, indifference to its benefits, and frequent public opposition to the process, gave no market incentive to distribute pasteurized rather than raw milk. This failure of the market led to government legislation which made the pasteurization of milk compulsory. The Storch test, named after the Danish scientist who developed it, was used to determine whether or not milk had been subjected to a pasteurization process.

Another scientific discovery of the nineteenth century was tuberculin, discovered by Dr. Robert Koch in 1890. When applied to the skin of any animal which had active tuberculosis or which had suffered from the disease, tuberculin produced an allergic reaction.[16] In cattle tests, the animal's temperature was monitored after tuberculin had been injected. The test was used in Canada as early as 1894, but it was many years before either the public or dairymen accepted its widespread use in the elimination of bovine tuberculosis.

As new techniques were applied to the production and distribution of traditional dairy products — fluid milk, cheese, and butter — the development of new products began. A method for condensing milk was patented by Gail Borden in the United States in 1856. In 1901 came the first successful attempt to create a milk powder. Processed cheese was made first in 1904 when James L. Kraft heated cheese with certain chemical salts.[17] Commercial ice cream was being sold by the 1880s and 1890s.[18] The French developed the technique to homogenize milk and the first homogenizing machine, it is claimed, was brought to Canada in 1907.[19] The homogenization process forces milk through small openings, thereby reducing the fat globules in milk to an extremely small size and distributing them evenly throughout the milk fluid. When milk is homogenized cream will not form.

By the first decade of the twentieth century the dairy industry had been integrated to a large degree with the market system. Settlement of the Canadian plains had commenced. The adoption of the technology developed in the previous half century made a commercial dairy industry possible but the question remained whether or not a dairy industry in the prairie west was economically viable.

Western Canadian Agriculture and National Policy

From 1825 to 1850 an agricultural frontier in Upper Canada had provided investment opportunities and had stimulated the economy of the St. Lawrence river basin. By the 1850s, this frontier had ended in the rocks and muskeg of the Canadian Shield. However, the commercial interests of the St. Lawrence envisioned their great waterway as the natural outlet to European markets for the products of the expanding American frontier. Canals, designed to improve the St. Lawrence waterway, were built to compete with the Erie Canal which funnelled goods and people into the frontier areas via the Hudson-Mohawk river system by-passing Montréal. When American railroads rendered the improved St. Lawrence less than competitive the commerical interests of the St. Lawrence promoted the Grand Trunk railway to link the agricultural frontier in the Ohio valley to an ice free port on the Atlantic via Montréal. But it too failed to capture the trade of the expanding American frontier. The one last hope of the St. Lawrence commercial interests was to open an agricultural frontier to which they would have exclusive entry — the prairies of the Canadian west.[20]

The British North America Act of 1867 provided the constitutional and political basis upon which a Canadian nation could be founded. However, political union was merely a preliminary step to the economic integration of the St. Lawrence with the frontier areas to the west and the Maritime regions to the east. The territory that encompasses the prairies was acquired from the Hudson's Bay Company and transferred to the newly formed Dominion in 1870, and a lands policy was introduced offering free homesteads in the area. An all-Canadian railway linking the St. Lawrence and the anticipated agricultural frontier was completed by 1885. All that remained was to attract settlers to the "last best West."

Settlement on the Canadian Prairies — The Early Stages

For a decade and more after the completion of the Canadian Pacific Railway, it appeared that the harsh environment of the Canadian prairies would repel settlement there. The advancing American frontier continued to be more attractive. The price of grain on world markets fell to low levels as new supplies from America and Russia entered the European market. World-wide depression from 1873 to 1896, high transportation costs, together with drought and early frosts, made profitable grain production on the Canadian prairies uncertain. The new frontier required a new agricultural technology.

Under such circumstances, government officials, newspaper editors, Members of Parliament, and a few early settlers on the plains felt that some form of mixed farming was necessary for agriculture to be successful in the Northwest. An editorial in the *Regina Leader* in June 1893 expressed the view with which almost all newspaper editors bombarded their subscribers after 1889.

> The easiness with which wheat is grown in these fertile plains and the comparatively small capital required to commence grain growing on the prairies, has tempted too many of the earlier settlers to devote themselves entirely to the cultivation of wheat and other grains, which, under ordinary favourable conditions certainly brings a good return, but in years of drought or from some other causes, the increase obtained is not always as large as it might be to make the business a true path to opulence.[21]

And, as Thomas O. Davis, Member of Parliament for the District of Saskatchewan in the North West Territories, recommended in 1897:

> If you want to get immigrants into that country you have to make settlers prosperous and contented who are there now, you have got to show people that are coming in, that intend to come in, that there is some means of making a living in the country, and when you do that, you will get immigrants to come in.[22]

The editor of the *Regina Leader* had put his finger on the reasons for the emphasis on grain and the main problem with grain production — the instability of farm income. To many, the solution was diversified agriculture, and Davis was speaking to a bill to extend aid to the dairy industry in the west.

Many early settlers on the prairies were not as specialized as the editor of the *Leader* intimated. Those who travelled west to farm came from older, more mature agricultural regions where the dairy industry had been growing in importance. They brought cattle with them or soon acquired dairy cows after homesteading. Those who came from urban backgrounds probably envisioned agriculture as a pastoral pursuit and assumed that farms required milk cows, hogs, and poultry, as well as grain and forage production, just to be farms. The census of the Northwest Territories for 1884 to 1885 enumerated 5,711 milk cows in the district of Assiniboia and 1,985 in the district of Saskatchewan.[23] Many of these were brought to homesteads to provide for the pioneer family's requirements. Of course, if a milk surplus remained after the family's immediate needs were met, and if a market could be found, the settler could take advantage of the situation and make dairy products a source of cash income.

William Miller, a Prince Albert pioneer, was among the first to make dairying a commercial enterprise in Saskatchewan. Originally from Huron County, Ontario, he settled first in Manitoba's Red River area, but in 1873 he moved, with his family, to Prince Albert. Several families accompanied him on his trek and together they drove overland with them some ninety head of cattle. On his arrival, 13 July 1873,[24] Miller discovered that, unlike many western settlements, Prince Albert already boasted a service industry which required provisioning. Because of the existence of this market for milk and butter, Miller became engaged in a commercial dairy enterprise, serving the needs of a North

West Mounted Police detachment stationed near his homestead and, after 1879, a lumber mill operation.

Miller and those who accompanied him were forerunners of others who began to settle the Canadian west, especially after the Canadian Pacific mainline reached Moose Jaw in 1883. Cattle were shipped west by rail as settlers' effects and newspaper reports multiplied about established homesteaders who had returned to Ontario to buy cattle, which were then shipped west. The *Moose Jaw News* reported in the spring of 1884, "Mr. H. McDougall... who has been spending the winter in Ottawa has arrived with a car load of stock," and that, "Mr. Samuel Rothwell has arrived from Ontario with a car load of stock."[25] Not all the cattle came from Ontario. The *News* reported in June 1884, "Quite a number of young cattle are being taken through by the C.P.R...... They are brought all the way from Tennessee."[26] The cattle brought by rail were by no means destined only for those farms adjacent to the rail line. In mid-April 1883 the first milk cows for a temperance colony at Saskatoon were unloaded in Moose Jaw. Sixteen-year-old John Kusch herded the fifteen to twenty cows to their new home 155 miles to the north, a journey that took one month.[27]

The increasing number of milk cows in the Territories was reflected in attempts to establish cheese factories. Settlement was almost entirely agricultural and even those who established themselves in hamlets and villages often had their own cows. There was virtually no market for fluid milk. Surplus fluid milk from farms could be marketed only if it was made into butter or cheese. Many settlers had come from those areas in Europe or eastern Canada where dairy production was replacing grain production. They thought in terms of re-establishing the tried and true methods of farming in their new environment.

Among the first to attempt to manufacture cheese on a commercial basis in Saskatchewan were a number of French aristocrats who settled south of Whitewood in 1883. In 1892, the Moosomin *Courier* carried the following news item:

> Some distance west and nine miles south of Whitewood is the mammoth cheese farm of Viscount de Seyssel and E. Jannet. They have fifty cows for supplying the factory with milk and purchase besides from other farmers. This enterprise was started in July, 1883, for the purpose of manufacturing.
>
> All the machinery for its [Gruyère cheese] manufacture was imported from Switzerland and now is in good working order. They manufacture about 500 lbs. per day and expect to market it at both Montreal and Vancouver at twenty cents per pound. The cheese takes so long to season ere it can be put on the market that it will be the 1st of November ere they offer for sale their first lot of cheese.[28]

The reference to the year 1883 in the *Courier*'s report is probably misleading. That was the year the French settlement began and, as the report implies, the factory was preparing to sell cheese for the first time in 1892. This cheese enterprise failed and the cheese factory stood for many years, a weather-beaten landmark of false expectations.[29]

The first cheese factory in Saskatchewan, discounting the one near Whitewood, was built in 1886 a few miles west of Moose Jaw, near Boharm, by Edward N. Hopkins, a cheesemaker from Oxford County, Ontario, and his brother-in-law, R.H. Thomson. A reporter for the *Regina Leader* visited the factory that autumn. He reported:

> One day last week I drove out to see the Eureka Farm cheese factory. It is about six miles west of Moose Jaw, and there for the first time I saw cheese manufactured. Mr. Hopkins explained the whole process. There was a cheese vat 9 x 3½ lined with zinc. Into this the milk is put. It is heated to 80°. Then the rennet is put in it and it is raised to blood heat. The whey is separated from the curd, and when it dries it is put in a press. The company have 30 milch cows. I tasted the curd, it was not unlike butter. Everything was scrupulously clean. About 200 cheese on hand.[30]

Mr. Hopkins was an experienced cheesemaker, but his attempt to establish a viable operation under frontier conditions did not meet with success. In a speech to a dairymen's meeting at Fort Qu'Appelle ten years later, he pointed to the difference between previously acquired knowledge and that required for frontier conditions:

> Many of us have found that the knowledge we had of farming previous to coming to this country, in place of being a benefit to us was a positive injury for it took us some years to discover that fact and commence anew.[31]

Pioneers who learned by doing adjusted to the western environment more rapidly than many non-farm "experts" who had little experience and much advice.

However, in the ten years between the establishment of Hopkins's first cheese factory and his realization that the Northwest was not another Ontario, many others attempted to dispose of surplus milk by manufacturing cheese. The next recorded cheese factory in the Northwest was established under different circumstances by Jean Louis Legaré. Legaré, concerned for the future of Métis people in the face of advancing settlement and the certainty of a changing way of life for all who were forerunners, attempted to bring about a profitable adjustment. The *Regina Leader,* 27 March 1888, reported that Legaré had hired a cheesemaker from eastern Canada and that he was erecting a cheese factory at Willowbunch, Saskatchewan.[32] Machinery was brought from the east and Legaré's factory produced thirty thousand pounds of cheese in 1890 and, it was reported, generated an income of $30,000 for the community it served.[33]

The cheese factories at Moose Jaw (Boharm) and at Willowbunch were outside the mainstream of the many cheese factories established in Saskatchewan before 1900 because they were located on the high, semi-arid plains where conditions militated against dairying. The beehive of activity occurred along the Park Belt, nearer to Manitoba, and close to the Canadian Pacific Railway's main line.

In spring 1888, arrangements were made at both Grenfell and Wolseley to establish cheese factories. A meeting of the Grenfell Cheese Company's shareholders was held in March, officers were elected, and it was announced that machinery had been ordered. Six milk routes were let by auction. This was to be a farmers' company and each shareholder was to supply to the factory the milk of one cow for each share he held. The company started with a supply of milk from about three hundred cows.[34] On 26 June 1888, the *Regina Leader* reported:

> The Grenfell's Cheese Co.'s factory, the first in the territories has now been running for over a month under the able direction of Mr. George Delbridge.... It has turned out a fine sample of cheddar cheese and shipments have been made to Winnipeg, various posts in Alberta and to B.C.[35]

It was reported in autumn 1888 that milk was brought into the Grenfell factory by wagon from upwards of twelve miles and that six to eight cheeses, each weighing about seventy pounds, were made daily.[36]

The claim made by the reporter that the Grenfell factory was the first in the territories was inaccurate since it ignored the fact that cheese factories were in existence at Moose Jaw and Willowbunch. It was aimed at the slower moving promoters of a cheese factory at Wolseley. J.P. Dill went east from Wolseley in January 1888 to study cheese manufacturing and to employ an expert cheesemaker.[37] At a meeting convened by Dill, 1 March 1888, he suggested the advisability of forming a joint stock company to own and operate a factory but, if necessary, he said he would build it and manufacture cheese at Ontario rates. Those present decided to accept Dill's offer to manufacture at Ontario rates (a wise decision in view of the higher costs of labour and rennet on the prairies).[38]

The equipment for the Wolseley cheese factory arrived about 1 May, when the building was nearing completion. Joseph Lynden had arrived from Ontario in April and the factory was expected to begin operations on or about the 20 May, at approximately the same time that the Grenfell cheese factory began its operations. The factory at Wolseley was a frame building thirty-four feet by thirty feet, three storeys high, built on the banks of Wolf Creek. The *Leader* reported that $2,000 worth of cheese and more was made every day and that the factory could handle the milk of five hundred cows. Apparently, some cows were to be stabled near the factory, for a stable thirty-two feet by eighty feet was under construction in autumn 1888.[39]

These early cheese factories did not operate long. J.P. Dill's cheese factory equipment was sold in January 1890 to the newly formed Pheasant Forks Cheese and Butter Company.[40] In July 1890 the *Regina Leader* reported that the cheese factory equipment at Grenfell had been sold to interests at Lethbridge.[41]

The Pheasant Forks Cheese and Butter Company was incorporated under The *Companies Ordinance* in June 1889. By April 1890 the *Regina Leader* could report, "Work on the cheese factory has resumed. Metallic shingles are being used for the roof. . . . Three more loads of cheese factory plant have arrived from Wolseley."[42] By June, the factory was in operation. In 1890 the factory remained open for less than four months and only 32,897 pounds of cheese were made. A deficit of $200 was reported.[43]

In 1891 and 1892 the Pheasant Forks factory met with greater success. In 1892, an Indian Head man named Philips was hired as cheesemaker, milk routes were arranged, and the factory began production in June.[44] This is the last recorded evidence of its operation. The winter of 1892-83 had been exceptionally severe, and farmers near the factory incurred heavy losses because calves born in 1892 did not survive the severe conditions. Many farmers believed that their patronage of the cheese factory was responsible for the poor condition in which their young cattle entered the winter season; milk that should have been fed to the calves had gone to the factory. This experience was a blow to the factory's milk supply. The harsh environment of the Northwest forced farmers to abandon schemes that did not appear to be in harmony with it.

The increasing interest in cheese manufacturing did not go unnoticed by members of the Legislative Assembly of the Northwest Territories. In 1889 they passed an ordinance with respect to butter and cheese manufacturing associations patterned after legislation passed by the province of Ontario in 1888.[45] The Territorial Ordinance provided a simple and inexpensive way for five or more persons to incorporate under conditions of limited liability for the purpose of manufacturing butter and cheese. At least $1,000 of share capital was to be subscribed before incorporation would be granted. This ordinance replaced the more general and more cumbersome *Companies Ordinance* and was designed to facilitate the organization of dairy factories.

The Spring Creek Cheese Factory, incorporated in 1890, was one of the first companies to take advantage of the new ordinance. This factory, located ten miles south of Moosomin, was one of the most successful and certainly one of the longest operating factories of the 1890s. There were forty-one original shareholders who between them subscribed to 176 shares at $6 per share for a total of $1056. The company's by-laws provided for milk routes and provided further that milk would be hauled to the factory daily by someone under contract to do so. All those taking or owning stock in the company were to supply the milk from one cow for each share held. The by-laws gave substantial powers to the directors to penalize fraud (watering milk), non-compliance with sanitary rules, and failure to meet contractual milk deliveries.[46]

By July 1891 the Spring Creek factory was in production. It was reported that Spring Creek cheese was better than Manitoba cheese, but somewhat uneven in colour.[47] In 1894 farmers outside the limits of the factory's milk routes placed cattle with farmers on existing routes.[48] In 1895 it was reported that only $100 was left as outstanding debt of the original $1,500 required to build and equip the factory. However, by 1899 the factory's milk supply was insufficient to enable it to continue cheese production.[49]

The increased amount of surplus milk in the Territories was also reflected in increased output of dairy butter. In 1885 the output of dairy butter was estimated to be 510,191 pounds. By 1889, output had more than tripled to 1,897,432 pounds.[50] Country merchants were accustomed to accepting butter in exchange for their wares and, in turn, had to find a market for the butter. Until 1888, local markets had sufficed but increasing supplies forced merchants to seek outside markets. The Winnipeg *Commercial* described the changed circumstances.

> Formerly there was quite a market for Manitoba butter in the settlements westward in the territories, but this demand is now being supplied by the farmers in those districts.... A few cars of creamery butter will be wanted annually but as for dairy butter the British Columbia markets are now kept overstocked by the shipments of country dealers at points along the Canadian Pacific Railway west. Country dealers all along the line from Brandon to Moose Jaw make consignments of butter on commission to coast points and as the market is not a very large one, it is usually overloaded.[51]

Quality was one problem that plagued country merchants in their trade in butter. In rural communities where everyone's affairs were common knowledge, it was the better part of valour (and business) for merchants to avoid any discrimination, however warranted, among the prices paid for butter received in trade. As a result, they found themselves with good, indifferent, and inedible butter, with little or no market for any except the best quality. This problem was accentuated as the supply of dairy butter increased because the merchants had inadequate cold storage and inadequate containers. They often placed the butter in the damp, musty hole in the ground that served as the store's basement, and as a home for mice and rats.

It is indicative of the fact that country merchants were bearing the consequences of the butter production and marketing system, that the first two creameries in the Northwest Territories were established by merchants. S.H. Caswell, a general merchant, opened a creamery in Qu'Appelle in the spring of 1889.[52] A.G. Thorburn, a Broadview merchant, opened a creamery there in June 1889.[53] Thorburn explained his decision to open a creamery thus:

> When I went to the North-West I engaged in business, and found that one of the greatest drawbacks, particularly when money was scarce, was that we had to receive produce from farmers in the shape of butter. This butter was, in very many cases, of an indifferent character. Accordingly, as my business told me that it would not do for me to continue to receive that kind of butter for which I could not find a profitable market, I set about devising means to make it profitable, both for the farmers and myself, to receive butter in some other shape.[54]

Another solution to the problem of quality was to grade butter received in trade. At Grenfell in 1891 the Agricultural Society was persuaded to investigate the local trade in butter, and its committee drew up rules for grading butter, appointing Harvey Coy, a founding member of the first Dairyman's Association in the Territories, to the office of butter grader. The merchants agreed to abide by his grading decision and that they would not purchase butter unless it had been inspected.[55] At Wolseley, in the same year, merchants appointed T.S. Rutherford as butter inspector.[56] There is no evidence to indicate that the practice of making such appointments was widespread, or that it lasted for any length of time. The wonder is that men could be found to undertake a task that would likely ostracize them from part of the community.

The first creamery company to take advantage of the ordinance of 1889, and the first to be organized by farmers, was the Saltcoats Dairy Association. This was incorporated in the spring of 1890 and from 1890 until 1898 it was managed by a local board of directors. The Dominion government assumed responsibility for the creamery in 1898 and operated it until 1904, when farm deliveries of cream to the factory became insufficient to warrant continued operation.[57]

In January 1890 W. Wagner, a past president of the Manitoba Dairy Association, lectured to farmers and businessmen at Fort Qu'Appelle in the Territories. Shortly afterwards, rumours began to circulate in the district that a cheese factory was to be built. By March 1890 rumours gave way to concrete evidence that a creamery would be established. Businessmen in the village supported the initiative as D.H. MacDonald and E.W. Brine, bankers, and a local doctor named Seymour were its prime movers.[58] This pattern was to be repeated many times in the history of the Saskatchewan dairy industry. Businessmen saw in a creamery an opportunity to enhance the commercial position of their trading centre. They also reasoned that the presence of a butter factory would induce farmers to diversify their farm operations and thereby continue to have a source of cash income when wheat crops failed. Those who did business with farmers were concerned, as were the farmers themselves, with the instability of farm income. But they, unlike the farmers, never came to realize that diversification would stabilize income at relatively low levels. Farmers eventually opted for specialization in spite of advice to the contrary.

The Fort Qu'Appelle creamery was to open for business in May 1891 with a buttermaker brought from Ontario.[59] It is unclear whether the creamery ever operated. In April 1892 the Fort Qu'Appelle reporter to the *Regina Leader* stated:

> An opportunity now offers for the Patrons of Industry to do some good for themselves and their overworked wives — those of them that have any — in the way of renting the creamery, and having it run by a committee of themselves. Mr. Caswell has, we understand, received 800 cows for his creamery and surely this district can do as well.[60]

The reference was to Caswell's creamery at Qu'Appelle. The reporter's suggestion seems more like a jibe at the "Patrons of Industry" than a serious suggestion for operating the creamery. The creamery remained inoperative and its equipment eventually ended up at Moose Jaw.

That creamery projects did not receive the enthusiastic support of farmers is indicated by events at Langenburg and Yorkton in 1891. The Langenburg Creamery Association applied for incorporation in January 1891. However, the papers were not in order and were returned for corrections. This minor difficulty erased any enthusiasm for the project if, indeed, any existed, for nothing more came of it.[61] An attempt to organize a creamery in Yorkton in 1891 failed after incorporation had been granted. The *Regina Leader*, in February 1892 reported that "the affairs of the defunct Yorkton Association were to be wound up on February 13, 1892."[62]

A creamery of a somewhat different nature was established in 1890 on the farm of Senator William D. Perley, near Wolseley. It was different in that it was individually owned, small in scale, and relied upon the milk from cows on the owner's farm. But it was to play an important role in the ensuing debate regarding the proper type of manufacturing establishment for dairy products in the Territories.

The Dominion Government Comes to the Aid of the Dairy Industry: Policies and Precedents

Direct and comprehensive government aid to the dairy industry began in 1890 in response to requests from the Dairymen's Association of the Dominion of Canada, which had been formed in 1889. The initial call for the formation of a national association for the dairy industry came from W.H. Lynch of Danville, Québec, whose letters urging dairymen to organize had been published in the press across Canada. Dairying had become an important part of the agricultural economy in both Ontario and Québec by the 1880s. Indeed, in 1879, the government had imposed tariffs of four cents per pound on imported butter and three cents per pound on imported cheese. Cheese was manufactured in cheese factories and its quality was such as to command a large share of the English market. Exports of cheese from Canada, and this meant from Ontario and Québec, increased from 24,050,982 pounds in 1874 to 84,173,267 pounds in 1888.[63] This record could be maintained and improved, in the face of competition from Denmark and other countries in the English market, only if the quality of the product was maintained and improved. The problem of quality in the cheese industry arose because there was not a uniform "Canadian cheese," and because cheese manufacturers often found that the milk supplied was mixed with water or was tainted. A member of the newly-formed Dairymen's Association of Canada stated the problem thus:

> ... the main point in which the Dominion Government can assist us is in taking hold of this matter of the adulteration of milk. The Provincial Government has not the power to pass this law. It was thought that the provincial law would be sufficient to cover this business but it was found

ultra vires by the courts and that one required this to be administered by the Dominion.[64]

The English market for butter expanded rapidly during the 1880s. However, the exports of Canadian butter to England fell from 12,223,046 pounds in 1874 to 4,415,381 pounds in 1888.[65] A part of this decrease could be attributed to the diversion of milk to cheese factories and to increased domestic consumption. Nevertheless, Danish butter had far outdistanced Canadian butter on the English market because of its superior quality, and neither dairymen nor Canadian commercial interests were pleased with this state of affairs.

Butter production in Canada had not yet moved into the factory by the 1880s. Most butter was still produced on farms and quality varied greatly. Butter is more perishable than cheese, so even if production difficulties could be solved, the problems of storage in transport, and at ports of embarkation and debarkation, would have to be solved before Canadian butter could reach the English market in good condition. This required cold storage and it was thought that Dominion government financial aid was required.

Both the Maritime region and the Northwest Territories were represented at the meeting from which emerged the Dairymen's Association of Canada. Due to a decline in the shipbuilding industry, relative exhaustion of forest resources in the better farming areas, and an increasing urban population, agriculture in the Maritimes was becoming more specialized.[66] Farmers there were anxious to have help from the Dominion government to enable them to establish the cheese industry which, as they were aware was an important factor in preserving the prosperity of farmers in Ontario and Québec. The Northwest Territories were represented by J.P. Dill, a representative of those who believed that the success of agriculture on the frontier depended upon the adoption of some form of mixed farming — an opinion more likely to be held by merchants than farmers.

The day after the Dairymen's Association was formed, its members' views were sought by the Select Standing Committee on Agriculture and Colonization of the House of Commons. That evening, a deputation from the new association met with Prime Minister Sir John A. Macdonald and several members of his cabinet. The deputation made two requests. The first was that the new association receive financial aid to enable it to encourage the dairy industry of Canada. The second was for the appointment of a dairy commissioner who would have "as his special care and attention the development of this dairy interest."[67] The government, with the support of resolutions passed by the Select Standing Committee, acted quickly. Three thousand dollars were ear-marked for aid to the new association in 1889 and, by Order-in-Council, Professor James W. Robertson was appointed "Dairy Commissioner for the Dominion of Canada and Agriculturist of the Central Experimental Farm at Ottawa," his appointment to take effect 1 February 1890. Indeed, so completely did the government meet the wishes of the dairymen, and so completely did the new Dairy Commissioner expand his activities, that the Dairymen's Association held one more convention in the spring of 1892 and then ceased to function.

The Dominion government came to the aid of the dairy industry so readily because of the role the state had assumed in the development of the Canadian nation. Sir John A. Macdonald is reported to have told the delegates from the Dairymen's Association who met with him that, "he was well acquainted with the progress of the dairy industry in the Dominion of Canada; he knew its success was identified with the welfare of farmers in large areas, and therefore as it prospered it became a promoter of national prosperity; he knew that the manufacture of cheese had been improved more than that of butter-making, and he advised the new Association to try to improve the butter produced in the Dominion. . . ."[68] Not only would an increasing flow of dairy exports aid farmers but it would be "a promoter of national prosperity" as well as being a means of acquiring English exchange. It would increase the flow of goods out of the country along the St. Lawrence, acting at the same time as an inducement for European farmers, who were accustomed to mixed farming, to emigrate to Canada. The chief way in which the Dominion government could assist the dairy industry was to help improve the quality of the product and, in this, commercial interests and farmers had parallel interests.

Dominion Government Aid to the Dairy Industry in Eastern Canada, 1890-1896

As originally conceived, the new Dairy Commissioner's duties were limited to instruction and to experimental functions carried on at the Ottawa Central Experimental Farm with a view to improving the quality of Canadian dairy products. However, different regions in Canada had different problems, and Professor Robertson's role as Dairy Commissioner was soon broadened to cope with these differences.[69]

In Ontario and Québec the main problems concerned the adulteration of milk, the branding of cheese, and the precarious state of the butter industry. The government attempted to solve the first problem by passing, in 1889, an act to protect against fraud in the supplying of milk to cheese, butter, and condensed milk factories.[70] An act to prevent the manufacture of filled or imitation cheese, and to provide for the branding of dairy products was passed in 1893 and was designed to solve the second problem.[71]

The third problem in Ontario and Québec, that of the butter industry, was attacked in several ways. Travelling dairies, usually conducted by two men who carried with them all the equipment necessary to make butter, were instituted and were used to give illustrated lectures on the best methods of producing fine quality butter. Pamphlets on the subject were prepared and distributed by the Dairy Commissioner and his staff. More important was the establishment of Branch Experimental Stations.

In a memorandum presented to the Minister of Agriculture on 5 January 1891, Professor Robertson outlined the necessity for and the objectives of Branch Experimental Dairy Stations. He argued that different conditions existed in each province and that different solutions were necessary if dairying was to be successful. The Branch Experimental Stations, so-called because they were considered branches of the Central Experimental Station, were designed to permit the investigation of dairy conditions in each region. The prime objectives of Robertson's plan were to establish a uniform quality for dairy products across Canada, to expand exports, and to establish winter creameries. He planned to rent suitable cheese factories or creamery buildings, which were then to be operated and managed under his supervision. Farm patrons would be guaranteed a price equal to or above that secured at privately operated factories.[72] The government accepted his plan and in 1891 funds were made available.[73]

In Ontario, the first Branch Experimental Stations took the form of winter butter factories. The Dairy Commissioner rented buildings that served as cheese factories during the summer, and agreed to pay in part for any essential alterations and to put in the buttermaking equipment necessary to manufacture butter at a fixed rate per pound. He agreed to assist in marketing the butter in England. The patrons were to receive all of the proceeds except for the fixed manufacturing charge and freight charges to England. Advance payments were to be made to the patrons on the basis of two-thirds of the estimated final price, and final settlement was to be made only after the product was actually sold. The milk was to be purchased on the basis of butterfat content.[74] By moving the production of butter from individual home dairies to butter factories, Robertson hoped to enter the English market with an improved and standardized product.

By the winter of 1894-95, the government's action with respect to winter butter production had stimulated the butter trade with England. In 1895 the government instituted cold storage on railways and steamships. It subsidized Canadian railways for running refrigerator cars once a week on routes entering Montréal, built insulated compartments on steamships, and paid extra freight on the space occupied. Private companies provided cold storage facilities at Montréal. In 1896 the Dairy Commissioner announced that a bonus of $100 would be given to any creamery erecting a cold storage warehouse according to plans supplied by the government.[75]

At the same time that winter creameries came into operation in Ontario, Experimental Dairy Stations were opened at Kingsclear, New Brunswick, Nappan, Nova Scotia, and New Perth, Prince Edward Island, to promote the cheese industry in the Maritimes. The success of the station at New Perth was perhaps greater than Professor Robertson had expected. Farmers in Prince Edward Island, witnessing the success of the New Perth factory, decided to form joint stock companies, erect suitable buildings, and put in the necessary equipment at their own expense, providing the Dairy Commissioner would manage the factory and market the product until local knowledge and experience permitted them to carry on the business successfully. The Dairy Commissioner agreed to undertake this work and in 1893 eleven new factories began operations under this arrangement. By 1895, the Dominion government was managing twenty-eight cheese factories and two creameries in Prince Edward Island.[76]

The main difference between the factories managed by the government in Prince Edward Island and the Branch Experimental Stations was that farmers supplied the factories' equipment, while the government equipped the latter. The purpose of both, however, was to introduce and extend "co-operative" dairying. Thus, in the Canadian dairy industry the term "co-operative" often described a system which merely implied factory production with payments for milk and cream involving an initial payment, followed by a final payment based on the market price of the butter and cheese.

In one important area of policy the Dominion government moved very cautiously. In his annual report dated 31 October 1894, Federal Minister of Agriculture A.R. Angers announced that his department had secured a supply of Dr. Koch's tuberculin "lymph" direct from Germany and that an Order-in-Council had been passed to establish a regulation whereby all "neat" cattle —beasts entering the country singly or in small individual groups — were to be tested for tuberculosis.[77] Soon requests were received for tuberculin supplies to test cattle in various parts of the country. The federal Department of Agriculture supplied tuberculin at the expense of persons for whom the tests were made. It was recommended that tests be carried out by a verterinarian.

The federal Department of Agriculture estimates in 1897 contained an item of $20,000 "towards the necessary steps for the prevention of the spread of tuberculosis in cattle throughout the Dominion." In announcing the new programme, Sydney A. Fisher, Minister of Agriculture, stated that he did not intend to make the programme compulsory and that compensation for slaughtered animals would be paid only in exceptional circumstances.[78] Several American states had introduced compulsory testing, but the reaction to it had been so negative that all testing, compulsory or voluntary, had received a set back.

Dr. D. McEachran, Chief Inspector of Cattle Quarantine, for the Department of Agriculture, favoured a more positive policy to eliminate bovine tuberculosis. He argued, "It is a well known fact that when owners feel that they are not fairly indemnified for their animals slaughtered for the protection of public health, many instead of voluntarily aiding in carrying out the law will evade it, and will sell off suspicious animals, and in this way the very measures intended to confine the disease will extend it."[79] However, the policy of the federal government was set by 1897 and was not to change until 1914. Sydney Fisher argued that the farming population would not accept compulsory testing and the taxpayer would not accept the expense of paying farmers for cattle slaughtered.[80]

However, the Department offered to test animals free of charge for anyone who applied to have his dairy herd tested. Two conditions were imposed upon the applicant before the government would proceed with testing. First, every cow on the farm was to be tested and second, no compensation would be paid if infected animals were slaughtered. Slaughter was to take place entirely at the discretion of the owner but diseased animals were to be isolated and quarantined.[81] By 1899, sixteen thousand cattle had been tested and of these 1,017 were found to be infected. Mr. Fisher felt this compared very favourably with results obtained in other countries.

Dominion Government Aid to Dairying in the Northwest Territories

That the federal government viewed the development of the dairy industry in the Territories as an important source of prosperity for new settlers was made clear as early as 1890. In autumn 1890, Professor Robertson made his first tour of the Territories "in order to create a greater interest in dairy farming in that part of the Dominion, and at the same time learn from personal observation and inquiry how the work of this office could be shaped and directed so as to render the best service to the citizens of Manitoba, the North-West Territories and British Columbia."[82] He visited Moosomin, Broadview, Wolseley, Indian Head, Regina, Maple Creek, Prince Albert, and Fort Qu'Appelle in the area now known as Saskatchewan. At each point he advocated mixed farming, in speeches almost evangelical in spirit. He returned to Ottawa convinced that the dairy industry could and would develop on the prairies. The next year he sent two travelling dairies into Manitoba and to a few points in the Territories. In 1892 one member of his staff (Robert Cornett) visited the area giving lectures and practical demonstrations.

When Lieutenant Governor Royal opened the First Session of the Second Legislature of the Northwest Territories on 10 December 1891, he called the attention of the Assembly to the importance of the development of the dairy industry. He said:

> Stimulated by the success of Holland, Denmark, Belgium and the North of

> France the Canadian Government is sparing no effort to build up the dairy interest in Canada, and by suitable instruction to enable the Canadian agriculturist to compete with these Countries, which owe to these products a large part of their financial solidity.
>
> It will be to our great advantage to assist, as far as possible, the Federal Government in this great work, by endeavoring to secure for it the hearty co-operation of the farming community, so largely represented in this Legislature.[83]

It was not until many years later that the fundamental flaw in this statement became evident. The presence of a frontier of cheap land was the very reason for the shift of emphasis in European agriculture. It cannot be consistently argued that the development of a dairy industry on the frontier was in the best economic interests of farmers there when their comparative advantage was in grain. But such a proposition remained a fundamental tenet, first of federal government policy and then of Saskatchewan provincial government policy.

The Assembly followed the Lieutenant Governor's advice and, on 25 January 1892, an ordinance which authorized the formation of a "Dairymen's Association of the Northwest Territories" was passed.[84] The ordinance authorized the Council of the Northwest Territories to proceed with the organization of such an Association and the first meeting was called for 18 August 1892.[85]

Lieutenant Governor Royal opened the meeting and promised his full support. A.G. Thorburn, who had opened the Broadview creamery in 1889, was elected president, and E.N. Hopkins, who manufactured cheese at Boharm, became first vice-president. The second vice-president was Joel Reaman, MLA from Yorkton, while J.W. Jowatt of Regina was elected secretary-treasurer. Directors were elected from West and East Assiniboia, Saskatchewan, and Alberta.[86]

Attendance at the organizational meeting was not as large as expected. The paucity of numbers was accentuated by the size of the meeting room given to the dairymen. However, as Thorburn remarked, "Regina is a place of large ideas, which I presume is the reason why this hall is so extensive. We have yet to arrive at a time when we can fill it with a dairy meeting but no doubt that time will come." A few people meeting in a large room might easily have been subdued into feeling the insignificance of their purposes. Not so the men who met to launch the association of the dairy industry. The Lieutenant Governor reminded them that "... only twelve apostles commenced to grow the good seed, and I need not tell you what that has produced.... This industry needs only support and encouragement to become a source of wealth to our country." Others bolstered the delegates' spirits by reminding them that fewer people had met to organize the dairy associations of Ontario and Manitoba.

It cannot be said that those who organized the Dairymen's Association of the Northwest Territories were representative of the general farming population. Three main interest groups can be identified. There were merchants who did business in the Territories, farmers with experience in dairying, and legislators who were interested in settlement. These men held the view that the dairy industry was of great importance and that its development as a part of a general system of farming was "a necessity." The general farming population did not share these views. In fact, Robert Cornett, the lecturer who had toured the prairies in 1892, said at the close of the dairymen's organizational meeting that, "... he could not feel like asking to be sent to Manitoba and the North West again and it was unfortunate that people did not take sufficient interest in this important matter to attend a meeting where they would learn something of practical value to themselves and to the country."[87]

Several resolutions emerged from the association's first meeting. The Legislative Assembly of the Territories was petitioned for an annual grant, while the Dominion government was asked to expand its educational activities by providing a fully operative travelling dairy which would go on regular circuits of the Territories, rather than the lecturers sent before. Both governments obliged. Two hundred dollars, earmarked for the association,[88] appeared in the estimates of Territorial government expenditures. In 1893 the Dominion government sent two experts to the Northwest, one to give instructions in buttermaking at Senator Perley's creamery near Wolseley, the other to assist in the construction of a creamery at Moose Jaw.

The most outstanding paper given to the delegates at the organizational meeting held in the autumn of 1892 was one by William Watson of Moose Jaw. It was notable for its depth of analysis and for its impact on future developments in the dairy industry in Saskatchewan. The title of Watson's paper was, "Will it pay to start and operate cheese or butter factories in the Northwest?" He commenced by saying that the question might seem superfluous to those who were acquainted with the success of such institutions on the co-operative plan in Ontario and in the United States. But, Watson argued, one could not jump to conclusions based on experience elsewhere. And, as the *Regina Leader* phrased it, Watson "... then commenced to discuss his subject not by results in the east but in the light of our peculiar climatic and other conditions and circumstances."[89] William Watson, in his answer to the question he posed, is a classic example of a man coming to grips with new environmental circumstances and discarding old ways of doing things, albeit reluctantly. As he stated, "It is... with unfeigned regret that I am driven to the conclusion that it is premature to start the cheese factory system in the Northwest."

Watson's rejection of the feasibility of cheese factories in the Northwest was based on an analysis of costs. He claimed that the cost of hauling milk in the West was higher than in the East. "While every farmer has prairie to break it will be hard to get a man and a team for less than $2.50 a day." The cost of labour, building materials, and machinery was higher on the frontier. So, too, was the price of cheesecloth, rennet, colouring, cheese boxes. He concluded that if four hundred cows were required for the profitable operation of a cheese factory in Ontario, six hundred would be needed on the frontier.

He also analyzed the relationships of the prices of related products. When cheese factories were established in Ontario the price of butter was as low as twelve cents per pound. How would a cheese factory compete for the available milk supply when butter in the West was averaging twenty cents per pound? When eastern farmers turned to cheese production, cattle were in a surplus position. In comparison, cattle were high in value in the West. Finally, Watson argued, a cheese factory could run for only about five months of the year in the conditions of the Territories while a butter factory could run for nine months.

Just as important as Watson's analysis of the unprofitability of cheese factories was his analysis of the most economical way to run a butter factory, consistent with the West's environmental and economic circumstances. The plan he advocated was to have farmers raise the cream at home (few, if any, had cream separators) and deliver only cream to the factory. This would reduce the cost of hauling and leave the skim milk on the farm to be fed to calves. The cream could be gathered from farms distant from the creamery and would be gathered once weekly in March, twice weekly in April and May, daily in June, July, and August, three times weekly in September, twice weekly in October and once weekly in November and December. Milk for a cheese factory had to be gathered daily.

Watson then outlined a definitive plan. He proposed the establishment of a Regina cream-gathering butter factory which would take in all the cream north to and including the Qu'Appelle Valley, south an equal distance, and east and west from fifty to one hundred miles. The cream would be shipped to Regina on existing rail lines. He advocated negotiation of special rates with the railways. The cost of one large factory, Watson argued, would be less than that involved in the erection of several smaller ones and the economies of scale would reduce per unit costs. He also realized that a larger factory would be better managed and could attract more competent buttermakers.[90] These ideas, put forth in 1892, became the basis of the factory system of butter production in Saskatchewan in the period before World War I.

A.G. Thorburn, president of the Dairymen's Association, forwarded Watson's address to Professor Robertson, but Robertson was sceptical. In his reply, dated 3 February 1893, he commented that "settlement in the North-west is not yet dense enough, nor the railway facilities sufficiently regular with low rates of freight, to make his project likely to proceed at present."[91]

Professor Robertson, on his first trip to the Territories in autumn 1890 had visited Senator Perley's creamery near Wolseley. There he formed the opinion that if the factory system of butter production was to be established the factories should be modelled on Perley's small-scale creamery. Professor Robertson stated his views thus:

> It appears to me that if a dozen or more farmers in the North-west Territories would convey the milk from their herds to one central farm, where a small dairy building could be erected, they would find it both economical and profitable to have the butter made at one central place by an expert buttermaker. A centrifugal cream separator would separate the cream and leave the skim milk ready to be carried home in the same cans with a detention of not more than a quarter or half an hour. It was with the object of calling attention to the feasibility and suitability of this method of dairying to North-west conditions, that one of my assistants was sent to Wolseley in the summer of 1893.[92]

This statement implied that the Dominion government would try to promote the establishment of numerous small creameries in the Territories. Such a plan would be inconsistent with the logic of William Watson's proposal to establish large, centrally located creameries.[93]

On 14 December 1892 a meeting was called at Moose Jaw to discuss the establishment of a creamery there. William Watson was the promoter of the scheme and he had the support of most dairymen in the Territories. A.G. Thorburn chaired the meeting.[94] On 30 December Watson presented a prospectus for the Moose Jaw Creamery Company. On 27 January 1893 the *Moose Jaw Times* reported that "the stock of the Moose Jaw Creamery is meeting with a sale beyond the expectations of even the most sanguine of the promoters of the scheme. Out of a possible 250 shares 183 have already been subscribed."[95]

When it appeared virtually certain that a creamery would be established in

Moose Jaw, Watson asked the government to supply the machinery and an expert buttermaker. His plan now was to install cream separators at nearby railway stations where the milk from at least fifty cows could be gathered. Here the farmers would have their cream separated, with the cream forwarded to a central creamery and the skim milk returned to the farm for calves. This proposal antedates the establishment of so-called "skimming stations" which caused many problems regarding sanitation and quality in later years. In fact, Watson had objected to any policy designed to establish a large number of small creameries and stated bluntly that Robertson's plan would end in failure.[96]

Professor Robertson countered Watson's arguments. He could see no reason to "encumber" a central creamery with branch cream separating stations. He advised Watson that, as Dairy Commissioner, he would help the people of Moose Jaw to establish a small-scale creamery. The knowledgeable easterner chastised the enthusiastic but rather illogical western Canadian farmer for proposing a plan that obviously wouldn't work as well as one devised by the eastern experts.[97] This was not the last time westerners encountered such an attitude.

The reply failed to deter Watson and his followers. All the capital for the Moose Jaw creamery had been subscribed by the last week in February 1893. On 7 April a meeting of the creamery's shareholders was held to decide whether or not to proceed with the project. Watson reported that he had visited the two Qu'Appelles and that he had bought, subject to the approval of the shareholders, the creamery plant at Fort Qu'Appelle and the centrifugal cream separator from Qu'Appelle. He also had obtained the services of the buttermaker from Qu'Appelle. The meeting voted to proceed. On 14 April the *Times* headlined "The Creamery is a Go."[98] Professor Robertson condescended to send an expert to supervise the machinery's placement. The creamery was not completed until late in 1893, however, and opening, therefore, was deferred until 1894.

In spring 1893 the Moose Jaw Agricultural Society had petitioned the government to establish a Branch Experimental Station in Moose Jaw in connection with the proposed creamery.[99] Professor Robertson informed members that he had already made arrangements for educational work in buttermaking at Wolseley and that the scarcity of men and funds prevented the operation of two experimental stations in the Territories in 1893.[100]

By spring 1894 Robertson was still sceptical about the Moose Jaw creamery's likelihood of success because it was operated on the basis of Watson's proposals. A steam engine was in operation at the creamery and cream was shipped from points such as Caron, some fifteen miles to the west. Robertson had to be shown signs of success before committing himself. In a letter to the federal Deputy Minister of Agriculture, published in the *Moose Jaw Times*, he stated:

> I am prepared to recommend that the Moose Jaw Creamery be taken as one of our regular Branch experimental stations if farmers will guarantee 3,000 lbs. of milk per day. If not I will try to get them a competent buttermaker at about $40 per month.[101]

The Western pioneer was not averse to showing what could be accomplished on the prairies and by June 1894 the farmers were supplying the creamery with more than three thousand pounds of milk per day and the Dominion government took over management.[102] Professor Robertson came to Moose Jaw in

October to inspect the creamery and was pleased with the results. He then decided to install a larger cream separator in 1895.[103] The initial success of the Moose Jaw creamery paved the way for the establishment of similar Branch Experimental Stations at Prince Albert and Indian Head in 1896.[104]

Eighteen ninety-five was a banner year for the establishment of butter and cheese factories in the Territories. As a reporter for the Moosomin *Spectator* phrased it, "The atmosphere is full of cream right now. In some localities the residents are trying to 'cheese it'. We trust the farmers will do their best in the erection of creameries; without them mixed farming will be working for amusement. . . ."[105] The reason for the sudden interest in dairy factories is to be found in the ever-increasing supply of dairy butter and the growing reluctance on the part of country merchants to accept it in trade. A promoter of a creamery in Moosomin explained that, "The storekeepers are already beginning to refuse to take in butter from the farmers. . . there will be no market for any other but creamery butter."[106] At a convention of western businessmen held in Winnipeg in 1897, merchants expressed the opinion that they should all agree to eliminate their trade in dairy butter entirely.[107]

In 1895 cheese factories were established at Arcola, Cannington Manor, Fairmede, Fleming and Glen Adelaide. Creameries were established at Saskatoon and Yorkton. The Executive of the Northwest Territories government extended grants of up to $400 to the factories at Arcola, Cannington Manor, Glen Adelaide, and Saskatoon on condition that they remain open for at least three seasons unless forced to close by an inadequate supply of milk.[108]

On 8 July 1895 N.F. Davin, MP for West Assiniboia, moved in the House of Commons, "that in the opinion of this house, it would be expedient to apply $20,000 to aid in establishing creameries and cheese factories in the North-West Territories, and that this sum should be considered as an addition to the immigration grant. . . ." The Minister of Agriculture explained that, "although the government was in full sympathy with the necessity of encouraging dairying in the Territories, he could not pledge such a large sum. . . ."[109] However, on 2 March 1896, Davin re-introduced his resolution and the Minister of Finance informed him ". . . I am led to believe, by the officers of the Agricultural Department that during this year a large part of their endeavours will be directed towards the North-West Territories with a view to the encouragement of the establishment of creameries."[110]

With the Dominion government committed, the question again arose as to the type of creamery best suited to the Northwest. When the government established stations in 1893 and 1894 at Wolseley and Moose Jaw it had used two vastly different modes of butter manufacture. Now the even more important question arose — would the Dominion government help establish creameries like Senator Perley's or William Watson's Moose Jaw creamery?

The Dairymen's Association of the Northwest Territories was reorganized on 28 January 1896, probably in anticipation of the change in government policy. It was known that assistance given to factories in the Maritimes was to be discontinued, that national policy dictated a stimulus to immigration to the west, and that Davin's resolution was to be re-introduced. E.N. Hopkins was elected president, J.P. Dill and William Watson vice-presidents, and J.W. Jowatt became secretary-treasurer. Directors were elected for each federal electoral constituency in the Territories.[111]

The reorganized association determined to hold a series of conventions in

1896 at Fort Qu'Appelle, Moosomin, Whitewood, Grenfell, Wolseley, Indian Head, Qu'Appelle Station, Regina, Prince Albert, Lumsden, Moose Jaw, Maple Creek, Calgary, Wetaskiwin, and Edmonton. At each convention Watson presented a paper entitled "Co-operative Dairying vs. Home Dairying, The Best System — The Exigencies of the North-West Demand A New Departure."[112] Watson's paper was based on three premises. First, dairying was necessary to the success of agriculture in the Northwest; second, the success of dairying depended upon the co-operative system of manufacture, that is, the factory system; third — and this is what was new in Watson's analysis as compared to his 1892 assessment — the factory system would never replace the home dairy without substantial state aid. Accordingly, Watson proposed that the Legislative Assembly of the Northwest Territories advance $30,000 over a three-year period to assist in the erection and equipping of ten creameries in the Territories. The creamery associations to which funds were to be advanced were to be incorporated under the Ordinance of 1889 and were to guarantee the milk from at least five hundred cows for three years. All prospective patrons of a creamery were to pay five dollars, and the sum collected was to be held in trust by the government or used to maintain and, perhaps, expand the creamery. Each association was to be entitled to a government loan of $2,000 at 5 percent interest. The creameries were to be under "quasi-government" control, with the sale of the final product in the hands of the Dairy Commissioner of Canada, who would advance two-thirds of the estimated value of the milk supplied to those supplying it. The final sale value of the butter, less production costs and provision for repayment of the government loan, would then be distributed to patrons on the basis of patronage.

Immigration to the Canadian West was a widely discussed topic in 1896. Senator Perley proposed that assistance to the dairy industry in the West become a major element in any immigration policy formulated by the Dominion government. He suggested that seventy-five creameries, each capable of handling the milk of from 250 to 300 cows, be established in the Territories. According to his scheme, the government would install all the equipment required for each creamery and each would remain under the supervision of Professor Robertson's staff until such time as the patrons had paid for the equipment. Payment was to be made by allocating one cent per pound of butter manufactured to a fund created for such a purpose. The Senator's plan was actually more grandiose in scope. In his mind, numerous small creameries would become the hubs of hundreds of settlements and the key to a flourishing export trade.[113]

Perley's plans for the dairy industry met with an immediate reaction from the officers of the reorganized Dairymen's Association of the Northwest Territories. In an open letter addressed to the federal Minister of Agriculture, they entered "a strong protest against Senator Perley's scheme." His plan, they said, would fail and would do incalculable injury to the Northwest. "We submit," they wrote, "that cold storage must be provided. . . . We submit that Senator Perley's plan of weekly shipments, no cold storage, the old system of pans and cans and cream tanks cannot possibly succeed in the present day."[114] They pointed to the experience gained at the central creamery in Moose Jaw. The letter was signed by E.N. Hopkins, William Watson, and John Hawkes.

It does not appear that Senator Perley was a romantic, yet his argument does have elements that suggest a vision of Saskatchewan as a lovely little valley which could and should be inhabited by contented farmers living side by side in homespun harmony. In contrast, Watson and his followers faced the hard realities of economic enterprise on the vastness of the prairies.

Eighteen ninety-six was a year of decision. In April it was announced that two members of Robertson's staff were to travel to the Territories to hold meetings in connection with the establishment of creameries. A man named Zufelt was to visit the country between Fleming and Moose Jaw and throughout eastern Assiniboia to the Souris district, while J.A. Ruddick (who was to become Canada's second Dairy Commissioner) was to hold meetings along the Manitoba and Northwestern Railway, and along the proposed route of the Great Northwest Central Railway. The two men were to select sites for creameries that would be established in 1897. The basic plan for creameries apparently was still in doubt.

Robertson visited the Territories in 1896. The experimental stations at Moose Jaw, Prince Albert, and Indian Head were modelled more along Watson's plan than Senator Perley's and were succeeding at the time. On 13 August 1896 the Qu'Appelle *Vidette* reported that Robertson had returned to Ottawa with a different view as to the form government assistance to the dairy industry might take in the Territories. Watson and those who thought like him, it seems, had persuaded the Dairy Commissioner to abandon plans for a large number of small creameries.[115]

In autumn 1896 Professor Robertson was authorized to announce that the sum of $15,000 would be made available in 1897 "to promote the establishment and maintenance of creameries in the North-west Territories." Professor Robertson explained, "As the success of the dairy stations in the older provinces had been complete, it led to the extension of the principle of assisting in the establishment and maintenance of dairy stations in the North-west Territories to become co-operative creameries and to be managed by corporate associations of farmers themselves."[116] This reallocation of federal funds was linked to immigration policy.

The final plan for assisting creameries in the Northwest was uncomplicated. A loan sufficient to provide the equipment for a creamery or for a skimming station was to be made to a joint stock company. The company was to provide suitable buildings and an adequate water supply, but the types of buildings and their sites were both to be approved by the Department of Agriculture. The company was to guarantee the milk from at least four hundred cows. The government was to manage the creamery, manufacture and market the butter, and to make advance payments to the patrons on the basis of two-thirds of the estimated value of the milk and cream supplied by each. The government's manufacturing charge was not to exceed four cents per pound. Not less than one cent per pound, over and above the manufacturing fee, was to be levied to be placed in a loan fund to repay the government loan and to pay any debts that had been incurred in acquiring the creamery building. Government control was to continue for at least three years, unless the loan was repaid before that time and the company desired independence. When the government loan was completely repaid, the equipment was to become the property of the company, provided that paid-up shares were issued to the patrons in proportion to the amount each patron had paid into the loan fund by supplying cream to the factory. Modifications of this plan were to be used to assist creamery associations that already existed and wished to partake of government aid and management.[117]

Early in 1897 it was announced that Professor Robertson was to visit the Territories to confer with farmers regarding the establishment of the creameries that would be given assistance. And, as several newspapers advised their subscribers, "The early ice house catches the cold weather, and the filled ice house is likely to catch the government grant." By the middle of February Robertson reported that he had thirty-eight applicants, all prepared to meet the requirements of his Department. Funds were available for only sixteen.[118] Under these circumstances discretion had to be employed by government officials and much rivalry was generated among towns and villages. This was a characteristic of dairy factory development in Saskatchewan until the 1920s.

Sixteen creameries and sixteen skimming or separating stations in the Northwest Territories came under government management in 1897. Nine of these creameries had been in operation earlier and seven were established in 1897. Five were in the area which became the province of Alberta, and eleven were in the area which became the province of Saskatchewan, a reflection of the spread of settlement at this time. Those in Saskatchewan were located at Moose Jaw, Indian Head, Prince Albert, Regina, Yorkton, Wolseley, Whitewood, Maple Creek, Grenfell, Moosomin, and Qu'Appelle.

The creameries at Moose Jaw, Indian Head, and Prince Albert had been Branch Experimental Stations before 1897. The fact that they were chosen to be managed by the government under the new scheme was to be expected. That Regina was chosen as a site for a new creamery is probably due to the fact that it was the seat of the Territorial government and that the Regina Creamery Company had been incorporated there in the spring of 1896. The organizers secured the services of a buttermaker named Revell, who had been recommended by Robertson. It is significant that the majority of those who subscribed for shares in the Regina creamery were Regina businessmen. It was not until the March 1898 annual meeting of the shareholders that the *Regina Leader* could report, "This year, contrary to the usual custom, the representatives of the farming community predominated."[119]

Robertson argued that it was necessary to carry through to success those creameries already in existence. This rationale applied to Qu'Appelle where the newly incorporated South Qu'Appelle Creamery Association purchased Caswell's creamery. Robertson rejected applications from Fort Qu'Appelle, Lebret and McLean in favour of Qu'Appelle.[120] It also applied to Yorkton where J.S. Crerar operated a creamery which was taken over by the Yorkton Butter and Cheese Manufacturing Association.[121]

The Whitewood Association, incorporated in 1897, was third in rank behind Moose Jaw and Yorkton in terms of butter output in 1897.[122] Creamery associations at Grenfell, Moosomin, Wolseley, Maple Creek and Moffat were also incorporated in 1897. The Moffat Creamery Company erected a building to be used as a skimming station and leased it to the government.[123]

In 1898 creameries at Saskatoon, Saltcoats, and Churchbridge came under Dominion government management. The creamery at Saskatoon had been established in 1895 as a result of the efforts of the local agricultural society and Joseph Caswell, its president.[124] The Saltcoats Creamery Association had been organized in 1890. The Churchbridge Butter and Cheese Manufacturing Association was incorporated in November 1897 and began operations in spring

1898. Only the factory in Innisfail, Alberta, could rival Churchbridge in the number of patrons and in total butter output over the years from 1898 to 1904.[125]

The Northwest Territories was divided into two parts for the purposes of administering the creamery policy of the Dominion government. The western section included the District of Alberta and the eastern section the Districts of Saskatchewan and Assiniboia. C.P. Marker was named Superintendent of the western section and J.A. Kinsella became Superintendent of the eastern section in the spring of 1897. As the events of the next decade were to illustrate, Marker's task was less formidable than that of Kinsella and his successors, J.W. Mitchell and W.A. Wilson.

At the territorial level, there were three groups associated with the government creameries in the Northwest. There were shareholders only, who contributed money capital to enable the local association to secure land and to erect a building. They hoped to benefit their own community and to eventually earn dividends. They came from many walks of life and were "publically spirited" in the narrow sense of local community. There were those who were both shareholders and patrons. They stood to gain the most from the successful operation of a creamery. Finally, there were patrons, and it was this group that the government planned to involve financially by the establishment of what was known as the loan fund.

At those creameries where the volume of output was great enough, the government's contractual charge of four cents a pound for manufacturing butter was greater than the actual cost. At Whitewood, the actual cost was only three cents per pound. John Hawkes, secretary of the Whitewood Association, argued that this saving should not accrue to the government or be pooled among all the government creameries. If the latter were the case, Whitewood and similar high-volume creameries would be subsidizing smaller creameries elsewhere. Representations were made to the Minister of Agriculture and it was decided that any surpluses on manufacturing account were to be credited to the creamery having the surplus. The amount was divided, half going to the loan fund (and thus to those who were patrons in the form of shares) and half to the association to meet liabilities in connection with the building. Thus, both patrons and shareholders benefitted.[126] Presumably, at those creameries where the actual cost of manufacture exceeded the contractual four cents per pound the Dominion government absorbed the loss.

The actual operation of creameries in the Northwest was fraught with many problems.[127] The export of government creamery butter raised the price of dairy butter and militated against increased patronage of the creamery. Farmers were suspicious of butterfat tests. Heavy expenses were often involved in getting cream from farm to factory. Often cream arrived at creameries in a very ripe condition and contained large lumps of curdy matter which would not pass through creamery strainers. This loss gave rise to complaints by farmers that they could make more butter at home out of given amounts of cream than could the creameries. Superintendent Kinsella complained, in turn, that, "In many cases we find the farmer who finds fault . . . gives the portion [of cream] that he churns at home every attention. . . while. . . the portion sent to the creamery gets a little or no care . . . ."[128]

The attempt to establish the factory system of butter production in the Territories must have been discouraging for superintendents and creamery managers. Kinsella resigned his position to go to New Zealand in 1898. His replacement in the spring of 1899 was J.W.Mitchell who, in turn, was replaced by W.A. Wilson in April, 1901. Wilson had managed the government creamery at Moosomin from May 1898 up to the time of his appointment as Superintendent. Upon Wilson's departure from Moosomin the *Spectator* stated, "Mr. Wilson understands his business thoroughly. The government made no mistake in appointing him to the position."[129] Certainly, no man was to have a greater influence on the development of dairying in Saskatchewan over the next two decades.

Professor Robertson intended to secure export markets for the creamery butter of the Territories. To the east, through the facilities acquired for the dairy products of Ontario and Québec, the British market could be supplied. To the west lay markets in British Columbia, the Yukon, China, and Japan. Butter had been shipped from the Moose Jaw creamery to Great Britain in 1896. C.P. Marker's records indicate that the first carload of butter bound for Great Britain from the district of Alberta was shipped in July 1894, and that the first shipments to China took place in late 1895 or the spring of 1896.[130] To cater to these export markets central warehousing and storage facilities were required.

The Crescent Creamery was opened by private interests in Calgary, with the financial assistance of the town, in 1895. This creamery, it was claimed, was the third largest in North America. By 1896 it had established skimming stations north of Edmonton.[131] In March 1897 it was announced that the Dominion government had decided to take over the management of this creamery and to make it the distribution centre for all of the creamery butter produced at government creameries. On 1 December 1898 Kinsella reported that upwards of one hundred thousand pounds of butter were in Calgary cold storage facilities, which used ice as a refrigerant.[132] Semi-monthly railway refrigerator car service to Calgary was arranged too, and the creameries supplied their own ice when shipping butter to the Calgary depot.

The entire output of the Northwest creameries in 1898 was marketed in the mining camps of British Columbia, in the Territories, or in Japan. Kinsella was of the opinion that the Territories could hold these markets as well as the Yukon market, but that it was unlikely that western butter would be able to compete in the British market with butter produced in Ontario and Québec. He stated, "As against butter from eastern Canada the product of the North West Territories has an advantage of about two cents a pound in freight to British Columbian ports, while it has to pay that much extra when shipped to Montreal for consumption or export to England."[133]

Only since World War II have wheat farmers been concerned about shipping facilities at Vancouver. Those devoted to the development of the dairy industry on the prairies were concerned before the turn of the twentieth century. Kinsella investigated marketing conditions in Vancouver in 1898 and found that Vancouver dealers had stored Territorial butter in unrefrigerated damp warehouses where quality deteriorated rapidly before the butter was sold or exported.[134]

In 1901 the Dominion government installed mechanical refrigeration at Calgary at a cost of $12,000. The equipment consisted of one fifty-horsepower boiler and a thirty-horsepower engine which drove two Linde ammonia compressors. Although there were no private creameries in Assiniboia or Saskatchewan there were some in Alberta. They, too, used Calgary facilities at a short term rate of twenty-five cents per 100 pounds of butter per month, or at a season's rate which was the same as that charged to government creameries.[135]

The creamery butter packed at Calgary was destined for various markets. The standard Canadian butter box replaced the tub in the later 1890s and it was adopted by the Department of Agriculture when it assumed management of the creameries on the prairies. The standard box came in three sizes of fifty-six, twenty-eight, and fourteen pounds. The inner surface was coated with wax and lined with parchment paper. Pound "prints" were shipped in flat boxes which held fifty pounds. All boxes were shipped in jute bag covers to prevent soiling. The mining industry in the Kootenay region of British Columbia and in the Yukon created a demand for butter in sealed tins. To satisfy this demand the Department used square tins holding ten, five and two pounds of butter. A preservative, a mixture of borax, boracic acid, and salt, was used in the tinned butter. Another type of tin container was used for the Oriental market. Butter was packed in five, two and one pound tins which were sealed with a "reaming" machine which made the package practically airtight. But the process must not have been perfected because the butter did not always arrive in the Orient in marketable condition.[136]

Butter production in the Territories was limited to the months of April at the earliest, through November at the latest. But the ultimate objective of government policy was to create a diversified agriculture and this required year-round production. Winter dairying was encouraged at several of the government creameries. Two creameries in Alberta remained open during the winter of 1898-99 and four during the winter of 1899-1900. Three operated during the winter of 1900-01. The first to be operated in the winter in the district of Assiniboia was at Qu'Appelle in 1901-02. This creamery was operated in the winter of 1902-03 with cream shipped by rail and with express charges paid by the Department. However, the harsh prairie winter did not make such attempts successful, and dairying had to compete with grain growing for the available labour in the summer months.

The concept of diversified farming meant more than grain and dairy products. It also meant hogs and chickens and eggs. Therefore the Dominion government began to handle eggs in conjunction with the creameries. The egg business began in the 1901 season at Churchbridge, Grenfell, and Red Deer. The government supplied egg crates or cases which were carried by cream collectors on their cream routes. The eggs were stored in the cold storage room at the creamery and shipped to Calgary in the same railway car as the butter. At first, on arrival at Calgary, they were graded as number 1, number 2, too old, broken, leakers, and "dead loss" but there was no check on the quality of eggs supplied by each patron. Steps were taken to keep the identity of each patron's eggs separate by means of a numbering system. The Department paid an advance on each dozen eggs collected while the patrons paid the cream haulers one cent a dozen for collecting the eggs. The haulers were responsible for eggs broken in transit to the creamery.[137]

The Department of Agriculture found it necessary to give instructions to homesteaders regarding egg production as well as dairy products, as eggs were subject to rapid deterioration. One set of instructions supplied by the Department warned that eggs should be collected regularly since, if a hen sat on an egg for over four hours, the germ began to grow. These instructions merely indicate that egg production, like dairy production, was labour intensive and was economical under frontier conditions only because farm units usually had the labour services of women and children. However, the Dominion government's decision to market eggs for creamery patrons set another precedent which the provincial governments of Alberta and Saskatchewan were to follow after their formation in 1905.

The conflict between the diversification of farm activity in the face of a scarcity of labour and specialization in grain production was finally resolved in favour of the latter in the districts of Assiniboia and Saskatchewan. It is not surprising that the creamery at Indian Head was the first government-operated creamery to close. In 1897 it was patronized by sixty-one farmers, in 1898 by six. It did not open in 1899. The editor of the Qu'Appelle *Vidette* explained the situation at Indian Head when he wrote:

> Why is it this district is recognized all over Canada as the ideal farming country of the west? We have certainly a magnificent stretch of country here which is in part responsible for our enviable position, but that is not the entire reason. The farmers of this district discovered far in advance of other districts the methods that would have to be employed in order to meet the peculiar conditions of the Northwest. While other districts were still laboring in the dark and employing down east methods this district was reaping the benefit of experience and experiments with the result that the farmers of Indian Head are today away in advance of other places.[138]

The Indian Head district had learned the techonology of wheat production in the Northwest.

The closure of the Indian Head creamery was a sign of adaptation to the new environment. The Wolseley creamery closed in 1899, the Maple Creek and Saskatoon creameries in 1901. Yorkton closed in 1902 and 1903 was the last year the creameries at Prince Albert, Regina, Whitewood, Moose Jaw, and Grenfell operated. Saltcoats closed in 1904, the same year a new creamery association was organized at Tantallon, but it was lack of patronage which forced most creameries to close. In the last year of operation Wolseley had eleven patrons, Maple Creek ten, Saskatoon eight, Yorkton eleven, Prince Albert twenty-eight, Regina fifteen, Whitewood fifty, Moose Jaw eleven, and Grenfell fifty-two.[139]

Although the output of creameries in the districts of Saskatchewan and Assiniboia declined, the output of creameries in the district of Alberta continued to increase. In Alberta none of the original government creameries had ceased to operate, although the creamery at Edmonton had been sold to private interests in 1904. In fact, four creameries had been added to the original creameries of 1897 by the time the province of Alberta was formed. In December 1903 J.A. Ruddick, Chief of the Dairy Division in Ottawa, wrote:

> . . . figures show a remarkable contrast between the two districts considering that both have received the same help and encouragement, but anyone who is acquainted with the conditions in Alberta and Assiniboia will understand the reasons for it. There is no doubt that the successful wheat raising of the past few seasons has induced the people of Assiniboia to give up dairying, and no one blames them if they can make more money, or make it easier in growing wheat. . . . I think the time will come when they will see the importance of mixed farming, and it may not follow at all because the patronage has fallen off during the past two years that butter-making is to be entirely given up in this district.[140]

Of course, the creameries at Qu'Appelle, Moosomin, Tantallon, and Churchbridge continued to operate, and the Churchbridge creamery, which had two hundred patrons in 1904, produced 128,248 pounds of butter in 1905, an output second only to the creamery at Innisfail, Alberta.

From 1901 onwards there were persistent rumours afloat in the Territories that the Dominion government was to relinquish its management of creameries in the Northwest. After all, dairy policy was linked to the lack of immigration to the plains and the success of wheat was overcoming this particular concern of Dominion politicians. However, dairymen, particularly those in Alberta, were alarmed by such rumours and formed the Territorial Dairymen's Association at a meeting held at Lacombe, Alberta, in 1903. The following resolution was passed at the founding meeting:

> That this meeting wishes to express its approval of the principle of co-operative management of creameries under Government supervision in the Territories and wishes to express the hope the present arrangement may be continued indefinitely and that a copy of this resolution be forwarded to Hon. Sydney Fisher, Minister of Agriculture and Professor Robertson, Dominion Commissioner of Agriculture and Dairying.[141]

The executive members of the newly-formed dairymen's organization were all located in the district of Alberta, although the presidents of all creamery associations in the Territories were to become directors. The resolution passed at the founding meeting may have been influential in persuading the Dominion government to continue its management of creameries, for it was not until an alternative was found in Provincial government management that the Dominion withdrew.

The dairymen in the district of Alberta were closer to markets for butter in British Columbia, the Yukon, and the Orient than dairymen in more eastern prairie regions. The fact that Calgary acted as the main warehousing centre for export butter was probably a factor in the greater strength of the dairy industry in what was to become the province of Alberta, although it is also true that Alberta's topography, climate, and vegetation are less suited to the production of high protein content wheat than is Saskatchewan. Perhaps the editor of the *Moose Jaw Times* should have the last word. Commenting on the low output of the Moose Jaw Creamery in 1903, he wrote:

> To those unacquainted with the circumstances this would place the Moose Jaw district in a very unfavourable position, but to those who know the conditions, the small output of our creamery is an evidence of prosperity. The creamery was started when wheat growing in the district was considered precarious. . . . As one good crop of wheat followed another, the farmers gradually withdrew their patronage and devoted all their attention to wheat and the raising of beef cattle, leaving the patrons of the creamery so limited in number that the department has decided to close it altogether for this season.[142]

The Local Trade in Dairy Products in the Territories Before 1905

Dominion government assistance to the dairy industry in the Northwest was designed to encourage the production of an export staple. This policy assumed a surplus of milk production over and above the requirements of the region. The normal course of development in a region where industries other than agriculture were important would be for those engaged in agriculture to furnish whole milk to the non-agricultural sector, and to develop the facilities for the production of bulk by-products as a surplus of fluid milk developed. This was not true of the Territories. Few were the examples of economic activity that were divorced from agriculture. A fur industry existed, expecially in the more northern areas of the province, some lumbering activity was evident in the Prince Albert district, and coal deposits were found near Estevan. However, the basis for the infra-structure of service industries in Saskatchewan was agriculture. The life style and prosperity of the inhabitants of the towns, villages, and hamlets that appeared on the prairies as settlement progressed were intimately related to agricultural pursuits. And it was not unusual for the citizens of such "non-rural" concentrations of population to engage in some aspect of agricultural activity themselves. Most common was the ownership of livestock — pigs or chickens penned in the backyard of the village residence, or milk cows grazed on pastureland adjoining the village or town. The population, both rural and non-rural, tended to be self-sufficient in fluid milk, thus the very early emphasis on cheese factories and creameries. As the population in towns and villages grew, farmers in close proximity to them found it profitable to engage in the fluid milk trade, but it was not until the second decade of the twentieth century that the markets for fluid milk were large enough to warrant the separation of the functions of distribution and production.

William Miller, the Prince Albert pioneer, has already been mentioned as being probably the first dairyman in Saskatchewan to market fluid milk. Another early settler of the Prince Albert district was James Howrie, who arrived in 1883 from Portage la Prairie, Manitoba. However, Howrie homesteaded some nine miles distant from the fluid milk market serviced by Miller. This precluded a trade in fluid milk and thus dairy butter was made, put into "prints," and delivered to town residents every Saturday.[143] This pattern was repeated many times in Saskatchewan. With the advent of creameries, the onerous task of churning dairy butter was supplemented by the opportunity to deliver cream to the factory.

By 1901, Regina, with a population of 2,249, was the largest urban centre in Assiniboia.[144] It was the first municipality in the prairies to come to grips with the problems of fluid milk distribution. But certain problems had arisen earlier. The *Regina Leader* of 19 July 1883 published a letter from an irate settler who complained:

> . . . last Saturday a lot of cattle and horses destroyed . . . a quantity of my crops . . . If I had had a gun in my hand at the time I am afraid I would have shot at them. The owners of cattle get high prices for their butter and milk and can afford to herd or have portable fences . . . .[145]

The treeless prairies precluded the building of wooden fences and while barbed wire had been introduced in the 1870s, pressure to use it was just beginning.

The Census of the Northwest Territories, 1884-1885 enumerated three dairymen in the district of Assiniboia. News items in the *Regina Leader* indicate that this number was growing. One report stated:

> The most successful men around Regina have been those who like Mr. Cameron and Mr. Carss and Mr. Park have fed cattle and sold the milk and butter . . . .[146]

In 1884 and 1885 the *Leader* joined in the campaign advocating that new settlers adopt mixed farming. It editorialized:

> If any man wishes to know what this country can do in cattle raising all he has to do is go into any hotel in Regina and ask for a drink of milk. The milk produced on prairie hay is the finest and most nutritious ever tested by the lactometer . . . .[147]

The paper advised its farm readers to "drive twenty miles to a well-bred sire. There are to our knowledge two or three thoroughbred bulls around Regina. Mr. Gilbert has got one and Mr. Cowdry another."[148] In the spring of 1885 the *Leader* reported:

> Mr. D. Woodward who has a farm in the Regina Reserve about a mile from town, returned from the county of Norfolk, Ontario on Monday the 20th of April bringing with him sixteen head of cows and two yokes of oxen. Some of the cows are three-quarter shorthorn and the others various grades — all ranging from two to five years old. Mr. Woodward intends to go into dairy farming and from his proximity to town will have every facility for supplying fresh milk and butter to our townspeople.[149]

In the 1880s, a market for both milk and its by-products, and the means of satisfying this market, was developing in the Regina-Qu'Appelle Valley area. And, as Regina grew to the status of a town and then to a city, the conditions under which its citizens were supplied with dairy products necessarily changed. Efficiency demanded more specialization and the primitive conditions that existed in the formative years could no longer be tolerated for health and sanitary reasons. It became necessary to establish rules and regulations.

One of the first by-laws (Number 6) passed by the municipal council of Regina had to do with the keeping of domesticated animals within the town. It was implemented on 2 June 1884 and provided for the appointment of a poundkeeper and the impoundment of "any horse, mare, gelding, stallion, bull, swine, boar, geese, goat, sheep, mule, ass or ram," if found running at large within the town limits. The by-law made it unlawful for any horned cattle to run at large *except* milk cows. Milk cows were subject to impoundment if found at large between the hours of 8:00 p.m. and 6:00 a.m., otherwise, apparently, they had the key to the town.[150] If a milk cow was impounded, the poundkeeper was charged with the task of milking the cow twice a day, in return for which he was entitled to the milk for his own use. Perhaps the diligence with which the by-law was enforced was a function of the size of the poundkeeper's family. The special status for milk cows was removed by an amendment to the by-law on 18 March 1886.[151]

The first by-law pertaining to milk was passed in Regina on 18 February 1895.[152] The town inspector was to take on the additional duty of examining milk offered for sale for human consumption. He was given the power to inspect stables and to inspect the vehicles used to transport milk. This presumably would mean an inspection of the containers which held milk in bulk, out of which each customer's requirements were "dipped." He could, under the by-law, destroy all milk suspected of being "tainted, unwholesome, mixed with water or impure." He was to keep a record of all dealers and vendors of milk and to prosecute, under the federal *Adulteration Act*, any offenders. This so-called "milk by-law" was not amended until 1907. No other towns in Saskatchewan had passed milk by-laws before the formation of the province.

Conclusion

Western Canadian agriculture was of utmost importance to the development of an economically unified nation state. The failure of the settlement process to meet the expectations of the formulators of national policy led to government policies to encourage it. Following the trend that had become evident among farmers in Ontario, Québec, and the Maritimes it was assumed that the formation of a dairy industry would contribute to an increased flow of human and capital resources to the Canadian prairies. Policy makers did not recognize, or at least minimized, the major environmental and economic differences that existed between agriculture in the East and agriculture in the West, which rendered any policy based on experience in eastern Canada inappropriate to western conditions. Farmers adapted to their new environment through specialization rather than diversification. Labour was scarce, land abundant, and the farmers' decision to rely on wheat was rational. Policy makers deplored the instability of income associated with specialization and confidently subjected pioneer farmers to pressure to change their ways because, someday, as in older more mature agricultural societies, they would rely less on a specialized product such as wheat. Overlooked was the fact that the Canadian West was, indeed, the "last best west," and that new frontiers of virtually free land would never force western farmers to change their ways as the flow of cheap grain from the frontier had forced eastern farmers to do. More fundamentally, the specialization that gradually became more and more evident in Saskatchewan agriculture was deplored because it did not fit a preconceived notion of the kind of activity that was supposed to be agricultural production. As the following chapters unveil the successes and failures of dairying in Saskatchewan, it becomes obvious that Saskatchewan farmers opted for high levels of income through specialization and that dairy policy, based on the concept of diversification, ran counter to the underlying, fundamental forces that shaped the nature of prairie agriculture. Specialized wheat farmers predominate on the Saskatchewan scene but specialized dairy farmers also emerged. What has disappeared is the concept of prairie agriculture expounded by men such as Senator Perley.

TWO

THE PROVINCIAL GOVERNMENT ASSUMES RESPONSIBILITY FOR DAIRY DEVELOPMENT AND FLUID MILK MARKETS EXPAND

The Background to Development

By 1905 wheat growing was the magnet drawing settlers to the prairies. The dairy industry of the Canadian West no longer drew support as an aspect of national policy to encourage immigration. Saskatchewan's population almost trebled between 1901 and 1906 and continued to grow rapidly for the next decade, as shown in Table 2.1.

TABLE 2.1
SASKATCHEWAN POPULATION, 1901-1906

Year	Population	Increase Over Previous Census Year	Percentage Increase
1901	91,279	—	—
1906	257,763	166,484	182.4
1911	492,432	234,669	91.4
1916	647,835	155,403	31.6

Compiled from *Censuses of the Prairie Provinces, 1906, 1911, and 1919* (Ottawa: King's Printer).

This sixfold increase in population represented not only expansion on the frontier but also consolidation within those areas previously settled. Table 2.2 indicates the growth of urban centres in Saskatchewan in the period.

TABLE 2.2
GROWTH OF URBAN CENTRES IN SASKATCHEWAN, 1901-1916

	Number			Total Population			Ratio of Urban to Total
Year	Cities	Towns	Villages	Cities	Towns	Villages	Population
1901	—	7	28	—	7,928	6,338	15.62
1906	4	24	70	18,534	16,475	13,553	18.80
1911	4	50	195	62,294	36,844	32,257	26.68
1916	7	72	304	79,921	49,427	46,949	27.22

Compiled from *Censuses of the Prairie Provinces, 1906, 1911, and 1916* (Ottawa: King's Printer).

The growth of service-oriented urban centres in Saskatchewan expanded the market for fluid milk and brought about fundamental changes in fluid milk production, processing, and distribution. All levels of government found it necessary to take steps to ensure safe supplies of fresh milk in the larger urban markets. The adoption of relatively new technologies, such as pasteurization and homogenization, hastened the separation of the functions of farm milk production, milk processing, and distribution in towns and cities.

The period from 1906 to 1916 was one in which railway branch lines spread rapidly across Saskatchewan. In the twenty years after the completion of the Canadian Pacific Railway's mainline, only 1,552 miles of track, including the mainline, had been built in Saskatchewan. In the twelve years from 1905 to 1917, 4,596 miles of track were laid, giving railway access to the majority of farmers in the southern half of the province. The means whereby perishable dairy products could be transported to processing and distributing plants was thus provided.

As the Canadian West began to acquire some of the characteristics of a more mature agricultural area, the number of milch cows in Saskatchewan increased substantially (see Table 2.3). At the same time, efforts were made to improve the quality of dairy cattle. Thus, Saskatchewan's productive capacity in terms of dairy products of all kinds expanded.

TABLE 2.3
NUMBER OF MILK COWS IN SASKATCHEWAN, 1901-1916

Year	Total Number of Milch Cows	Increase Over Previous Census Year	Percentage Increase
1901	56,440	—	—
1906	112,618	56,178	99.5
1911	181,168	68,550	60.9
1916	330,594	149,426	82.5

Compiled from the *Censuses of the Prairie Provinces, 1906, 1911, and 1916* (Ottawa: King's Printer).

However, although the capacity of Saskatchewan farms to supply more fluid milk, cream, and butter increased, demand increased even more rapidly, a fact reflected in the price trends for both dairy and creamery butter between 1906 and 1917. The price spread between dairy and creamery butter also became greater in times of falling prices because of the latter's superior quality (see Fig. 2.1). This provided farmers with incentive to patronize a creamery. The spread between the price of creamery butter and dairy butter narrowed in the war years, from 1915 to 1917, reflecting the abnormally high exports of creamery butter.

The Dominion government's homestead policy and production technology at the time tended to favour the establishment of relatively small farms. Table 2.4 shows the size of Saskatchewan farms in 1916.

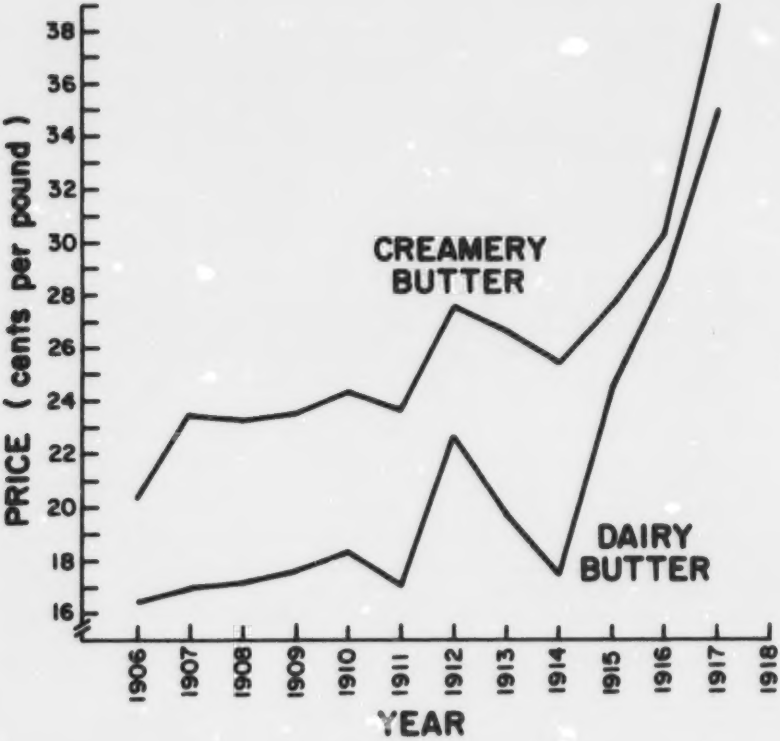


Fig. 2.1 Trends in the Average Selling Price of Both Dairy and Creamery Butter, 1898-1917

Compiled from data in the *Annual Report of the Department of Agriculture in the Province of Saskatchewan, 1918*, p. 39.

TABLE 2.4
SIZE OF SASKATCHEWAN FARMS, 1916

Size of Farm	Number of Farms
50 acres and under	643
51 to 100 acres	476
101 to 200 acres	39,256
201 to 320 acres	38,982
321 to 480 acres	11,662
481 to 640 acres	7,071
641 acres and over	5,916

Source: Census of the Prairie Provinces, 1916, xii. (Ottawa: King's Printer).

Thus, although a trend to larger farm units had been in evidence for some time, the great majority of farms were still within the limits imposed by homestead policy and pre-emption rights. The gasoline tractor, the combine, and other mechanical improvements which allowed efficient grain production on larger farm units, were not used extensively until the 1920s, and even later, on most Saskatchewan farms. In the period from 1906 to 1920, small farms, upon which some form of mixed farming was practised, were the rule rather than the exception.

The Provincial Government Assumes Responsibility for the Dairy Industry in Saskatchewan

The formation of the provinces of Alberta and Saskatchewan in 1905 gave federal authorities a convenient way out of their involvement with creameries in the West. They invited the two new provinces to undertake the task of moulding a dairy industry within their own areas of jurisdiction. On 20 January 1906, Sydney Fisher, federal Minister of Agriculture, wrote to W.R. Motherwell, first Commissioner of Agriculture in the first Saskatchewan government:

> Now that provincial autonomy is established, I cannot consistently continue to have these creameries managed by officers of my Department. I have come to the same decision in regard to the creameries in Alberta, and, as you may have heard, the Provincial Government of that province proposes to take over the management. It has occurred to me that possibly you might be inclined to undertake a similar work in Saskatchewan, although the situation differs somewhat in the two provinces.
>
> For several years past the Department has employed a Superintendent of Creameries in Assiniboia and Saskatchewan in the person of W.A. Wilson, who is located in Regina. On quitting this work we shall not have any further need of Mr. Wilson's services. Possibly you might consider it in the interests of your province to take over his services as Superintendent of Dairying. The creamery industry does not seem to have been so successful in Saskatchewan as it has been in Alberta, but I believe that branch of farming will receive considerable attention in the years to come.[1]

When Motherwell replied on 16 February 1906, he commented:

> While it cannot be said... that the Saskatchewan creameries are in a very flourishing condition; still, in view of the missionary work already done, valuable experience acquired and profitable markets opened up, I think there is an important work to be performed along this branch of agriculture that could, with advantage, be built upon the foundation already laid by your Department. I have already written Mr. Wilson with a view to securing his services as Superintendent of Dairying in this Province.
>
> While this Department does not anticipate extending any such monetary assistance to the creameries in Saskatchewan as your Department so timely and generously did, still, I think a great deal of assistance of an advisory and educative nature might yet be given that would help in building up this important industry.[2]

Obviously, Motherwell did not think that agricultural success in Saskatchewan depended upon dairying. In a speech before a convention of farmers held in Regina in December 1907 he remarked that, "It would be as fitting to advise a farmer to go into wheat growing exclusively in districts prominently adapted for mixed farming as to advise that mixed farming with all that it usually implies should be made the mainstay in a district that is peculiarly adapted to exclusive wheat growing."[3] Motherwell's pragmatic approach to "mixed" farming was not to be shared by the man he engaged as Saskatchewan's first Superintendent of Dairying.

Motherwell's new employee, W.A. Wilson, was to give assistance to the industry of "an advisory and educative nature." It is highly unlikely that Wilson viewed his duties in this rather restricted light, and something of his attitude towards life and his occupation is revealed in a letter he wrote to his brother on 17 November 1902:

> In my own work I am never so contented as when I have to work early and late, and then find it almost impossible to keep up with it. It keeps me from brooding over my many shortcomings. . . .
>
> . . . I am by no means any more contented than I was previously; that is, as far as study goes, only I have decided upon a definite course, and if it should take me all my life to accomplish what I most desire, I shall be content to study until the end. . . . My companion is a young fellow connected with the Local Department of Agriculture, whose duties deal with the Live Stock Branch. This throws our work along the same line, and he is also anxious to make himself useful to his country. We hope to achieve wondrous things before we die.[4]

W.A. Wilson rationalized the lack of development in dairying in Saskatchewan by saying, "While the industry under prosperous wheat conditions will grow but slowly, yet the history of other great wheat countries will, no doubt, in time repeat itself in Saskatchewan, and it is well to build with a view to the future."[5] Wilson failed to recognize that he was in "the last best West" and for the next fifteen years, as Superintendent of Dairying for Saskatchewan, he built with a view to a future that never materialized.

Four creameries, at Churchbridge, Qu'Appelle, Moosomin, and Tantallon, were operated in Saskatchewan by the Dominion government in 1905. They were not prepared to operate as independent units in 1906. On 15 March 1906, the Qu'Appelle *Progress* reported that, "There is a possibility the Qu'Appelle creamery will not be running this year. The difficulty is to obtain sufficiently favourable terms with the Saskatchewan government."[6] The creamery at Tantallon had been incorporated in April 1904 and managed by the Dominion government. W.C. Paynter, a promoter of the Tantallon creamery, exerted pressure on the provincial government to broaden its contemplated assistance of an "advisory and educative nature."[7]

To pressure from farmers such as Paynter was added the conviction of W.A. Wilson. After his appointment as Superintendent of Dairying, Wilson pressed his views as to the future of dairying in Saskatchewan and the necessity for government involvement in the industry.[8] The provincial government was persuaded to take a more active role in the development of the dairy industry than that originally contemplated by Motherwell. On 22 March 1906, the Qu'Appelle *Progress* published a letter from G.C.D. Edmunds, president of the South Qu'Appelle Creamery Association, in which he made this statement:

> The creamery will this year be run on lines similar to previous years with the Provincial government taking the place of the government at Ottawa. . . .
>
> Now, Sir, it is for the farmers to make this creamery a paying concern this year or it will be closed down as the Saskatchewan government do [sic] not propose to bonus a failing industry.[9]

It is possible to detect the influence of both Motherwell and Wilson in this announcement.

Under the new agreement, the provincial government was to market butter, paying the patrons an advance of ten cents per pound, with the balance to be paid after the butter was sold; it was also to keep accounts, and to advise, instruct, and assist the associations with a view to uniformity and quality. However, instead of a fixed manufacturing charge of four cents per pound, the provincial government planned to deduct the full manufacturing cost from the final payment due the patrons. Low volume creameries were not to be bonused. The local association was expected to abide by recommendations made by the government's dairy officials with regard to the employment of a buttermaker, but was given responsibilities regarding local management. The creamery association agreed to provide suitable buildings, equipment, a supply of good water and ice, and fire insurance. It was to be responsible for all local business.[10] Eggs were to be marketed through the creameries in a manner similar to that inaugurated by the Dominion government.

The new arrangement was designed to make it necessary for creameries to pay their own way. But this, in part, depended upon volume. As the Dominion government closed creameries in Saskatchewan it promised, as a further means of aiding the dairying industry and probably as a means of avoiding political discontent, to pay express charges on cream shipments to an operating creamery.[11] Now that volume was so important, the provincial government announced, in spring 1906, that it would continue to pay express on cream shipped by rail to a central creamery. "Judicious centralization," summed up Wilson's creamery policy.

For the season of 1906 the creameries at Churchbridge, Moosomin, Langenburg, Tantallon, and Qu'Appelle operated under the new provincial plan, but it did not prove satisfactory. Wilson expressed his desire to draw up a new agreement, "If the Department is to continue this work, I think it should be invested with full power to transact the business. . . ."[12] He requested authority to make advance payments of two-thirds of the butter's estimated value rather than to advance a flat ten cents per pound. To add weight to his arguments he could point to the situation at Churchbridge where the creamery association, after one year of experience with the provincial government, decided to operate without assistance. In 1907, the provincial government adopted a creamery policy similar to that originally employed by the Dominion government, with one important difference — the provincial government continued to deduct the full costs of manufacture from the proceeds available to cream shippers.[13]

In 1907, another government creameries operation was initiated. The Alberta government had engaged A.W. Foley, a poultry expert, to demonstrate to farmers improved methods of preparing poultry for market. The interest generated by Foley's meetings persuaded the Alberta government to employ him to organize poultry fattening stations at government operated creameries there. The creameries' by-products, skimmed milk and buttermilk, were to be used to fatten poultry received from farmers.[14]

In November 1906 Wilson visited the poultry stations at Innisfail, Olds, and Red Deer in Alberta. On his return, he recommended that "co-operative" poultry stations be established in conjunction with Saskatchewan government creameries. He also recommended that the Department of Agriculture employ an experienced poultry man for two months of each year, that it pay express charges on birds shipped by rail to the fattening stations, and that it properly crate, provide cold storage, and market the birds for farmers. The Department would pay advances on birds received and, after deducting the costs of feeding and marketing, pay the patrons the full value realized. The government's involvement would cease when the industry matured.[15] Poultry fattening stations were established at Tantallon and Moosomin in 1907, and Wilson had another "infant industry" on his hands.

Provincial legislation was now required to provide for the incorporation of new creamery associations. Previously this had been done under the Ordinance of 1889. Provincial legislation was also required to provide for the incorporation of a Dairymen's Association and to set down the way in which the provincial government was to aid and control the dairy industry in Saskatchewan. *An Act respecting the Manufacture of Butter and Cheese* (hereafter cited as *The Dairymen's Act*),[16] which came into force 26 May 1906 had three essential features: government control over the dairy industry; government financial aid to dairy factories; and sections pertaining to co-operation in the dairy industry. Significantly, there was no explicit reference to the trade in fluid milk in Saskatchewan. This reflected the bias created by attempts to establish butter as an export staple.

The Dairymen's Act provided a simple and inexpensive way for farmers to incorporate to manufacture butter or cheese or both, and to build cold storage facilities. It gave to the Commissioner of Agriculture power to control territorial limits within which any proposed dairy factory could solicit patronage; it also expressly stated that any such company was not to receive or accept cream or milk from anyone outside those limits without written permission. This provision, which also applied to companies organized under the *Companies Act*, was designed to enable the government to implement the policy of "judicious centralization" advocated by Wilson. Closely related to this purpose were provisions in the act which gave the Commissioner power to approve of the site, plan, and specifications of any dairy factory to be built in Saskatchewan.

Part Two of the *Dairymen's Act* gave legislative authority to the Commissioner of Agriculture to extend loans to any company incorporated under Part One of the act to cover the cost of machinery and equipment for a "co-operative" creamery. If the proceeds of the loan exceeded such costs, the surplus could be used to defray the costs of, or reduce claims on, the creamery building. Loans to an individual creamery association were limited to $1,200 and the total of such loans outstanding at any given time was not to exceed $10,000. Every company applying for a loan had to show proof that the territory within which it proposed to do business could support a creamery; that contracts had been made with patrons to ensure a supply of milk from at least four hundred cows (the act provided for a penalty of not more than twenty-five dollars and costs for the violation of such a contract); and that the creamery would not encroach upon the business of an established creamery. At least ten percent of the subscribed stock was to be paid and the subscribed stock, if fully paid, was to be sufficient to cover the costs of the site and buildings. An application for a loan was to be approved by the shareholders and approval required the sanction of those holding two-thirds in value of the shares outstanding. Only in exceptional circumstances was a loan to be made to any factory operating within twenty miles of another. The loan was to bear interest at 3 percent per annum and was to be repaid in five instalments, the first and second of which were to represent ten percent of the capital respectively. The loan was to be secured by a first mortgage in favour of the Commissioner of Agriculture and his successors in office.

Again, as in the period before 1906, three classes of local persons were associated with a so-called "co-operative" creamery. Patrons were defined by the act as "any persons who supply milk and cream to a company organized under Part I of this act and who are shareholders in such company." The by-laws adopted by these "co-operative" associations stipulated that such patrons were to receive dividends in the form of increased returns for the butterfat supplied by each. Shareholders who were not patrons were to receive a return of not more than 5 percent on paid-up stock. Cream shippers who were not shareholders were to be charged somewhat more than the actual manufacturing cost, thus providing them with an incentive to become shareholder patrons, as defined by the act.

In the years 1906 and 1907, the framework of the provincial government's policy of aid to the dairy industry, and to butter factories in particular, had been established. In fact, it could almost be described as a creamery policy rather than a dairy policy. It reflected the actions of the Dominion government before 1906, and W.A. Wilson's faith that farmers in Saskatchewan would eventually place less emphasis on wheat and more emphasis on dairy products, as farmers in Europe and Ontario had done before them. The dairy industry was an infant which required government aid and direction. At first, the butter factories established under government auspices were usually referred to as government creameries, but they were also called "co-operative" creameries and, as time went by, it became more expedient to stress the latter term. The reasons for this will be discussed in detail in Chapter Three. Wilson's adherence to a creamery policy of government regulation and centralization evoked growing criticism as the number of government creameries increased alongside a growing number of privately-owned and operated creameries. By 1917, when a major change in the government's policy regarding butter factories occurred, seventeen government creameries and twenty-three privately-owned creameries operated in Saskatchewan. Before discussing this phenomenal turnabout from the creamery industry's depressed state in 1906, it is worth examining the fluid milk trade.

The Fluid Milk Trade in Saskatchewan

It would be tempting to attribute Saskatchewan farmers' lack of interest in creameries in 1905 to the fact that the year was one of transition and, therefore, that government policy was uncertain. But the lack of patronage at government creameries also reflected a growing market for fluid milk, especially in the province's more mature regions. Farmers found it expedient to divert milk to the more lucrative fluid milk trade. The following account of fluid milk marketing in Saskatchewan, although describing the experience of one farm family living near Arcola, is typical of the situation in most areas of the province in the first decade of the twentieth century. The picture it paints did not fade from the prairie scene until after World War II. Harvey Walton McNeil writes:

> My early life, and that of my brothers and sisters, had deep roots in the cow pasture and cow barn. You see, my father and mother operated a small dairy as part of their farming operations and serviced the town of Arcola with necessary milk delivery. Our herd consisted of some seventy or eighty head, a mixture of Shorthorns and Holsteins, with from six to ten of them being separated for milking purposes.

... Milking started about 6:00 a.m. with my father, brother and myself doing most of it and my mother and sisters helping some of the time. All milking was done by hand.... When the milking was completed the cows were sent down a lane that led to the Southwest quarter of 35, one and a half miles from the buildings.

The milk was then taken to the house where it was strained and ladled into an assortment of jam tins, syrup pails and sealers, ready for delivery into town. It was then always a big rush to get ourselves cleaned up, have some breakfast and away to town by team and democrat, to deliver the milk before we went to school. Each one of us had our own customers to look after and tickets were sold at a price of fourteen quarts for a dollar. The empty tins were picked up for the next day's delivery. Of course, not everyone in town got milk from us, as about two out of three homes kept a cow in the backyard. About the time we would be going into town with our load of milk in the morning, we would see the town herd boy rounding up all the cows in town and taking them about a mile out of town to pasture land for the day. In the evening, he would round them all up and return them to their proper backyard.

When school was out our job was to get back home as quickly as possible, get on horseback, go from 1½ to 2 miles to the pasture and bring the cows home for milking. We also thought they liked the grass at the far end of the pasture best, as that is generally where they were. After supper it was milking time again, with six or seven cats sitting up behind the cows waiting for us to squirt milk at their open mouths.

The evening milk was taken to the house and put through the cream separator, with the cream going to the cream can in the basement and the skim milk going out to the calves or pigs. When the cream can was full, generally two or three times a week, we would take it into town for shipment to the creamery in Regina and pick up the empty cans that had come back.

Our milk delivery method eventually ran into trouble, when regulations came through that milk could no longer be delivered or sold in tin cans but would have to be carried in glass bottles. This necessitated an increase in the price of milk from 14 quarts for a dollar to 12 quarts for a dollar. However, we did manage to hold the operating expenses down a little by not buying stoppers for the bottles. When the outside work was completed in the evening, we would sit around the table and cut bottle caps out of shoe boxes or any other cardboard available.

As we grew older and got into High School, I suspect that we began to revolt about being milk boys and milk girls, because Dad eventually got out of the milk delivery business. However, we did stay in the dairy business and continued to ship cream to Regina. Mother also concentrated more on buttermaking, making all of our own requirements and selling a lot to private customers in town. She also took many prizes in buttermaking at the local Fairs....

I often look back on the hours and hours of work involved, not only in the summertime, but also in the long winter months when the cows had to be stall fed, watered and kept clean. We worked before daylight in the morning by lantern light and worked after dark in the evening by lantern light. A friend of mine, who was foreman of the C.P.R. roundhouse in town, liked to come out to the farm to shoot gophers. One evening he arrived just as I was going to get the cows. As usual, they were a good two miles from the buildings. We walked out and brought them in, milked them, put the milk through the separator, took the skim milk out and fed the calves and when it was all through he asked, "Just how much is that cream worth that we got

> tonight?" When I told him it would be worth about seventy-five cents he said, "Do you mean to say you walked four miles to bring in the cows, and did all that other work for seventy-five cents?" I replied, "I guess so but, not only that, we grow grain and put up hay to feed them all winter, and all the other work involved, for the same kind of pay."
>
> But, after all, it seems that money was the least consideration. There was something about those long walks and horseback rides that a person never forgets. You remember every turn of the lane and what is just around the bend and the crooked creek you had to cross, and have you ever followed along behind a herd of cattle, with your faithful collie working from one side to another, gently nipping the heels of a straggler, looking up for your approval? Or have you ever worked in the barn on a pitchblack winter night, with the coal oil lantern hanging from the beams, and listened to the contented munching of the cows and horses you had just fed? If you have, you know what I mean.[17]

When the labour of the family group had to be replaced by hired help the farmer confined himself to production, and distribution was undertaken by someone else. This separation of function was hastened by regulations designed to ensure safe milk supplies.

The Saskatchewan government enacted the *Public Health Act*[18] in 1909. This act provided for the formation of a Bureau of Public Health which was given responsibility for public health matters formerly dealt with by the public health branch of the Department of Agriculture. Under the authority of the act, provincial regulations governing dairies and the sale of milk were drawn up. These were distributed to municipal authorities and published in the Saskatchewan *Gazette* in August 1910.[19] The regulations specified that milk for sale was to contain at least 12 percent solids, of which 3.5 percent was to be butterfat. All people commercially involved with the fluid milk trade were to obtain the written consent of the local authority to do so, — in other words, they were to be licensed. Dairy buildings were to be kept clean and well ventilated. The use of the tuberculin test for dairy cattle was recommended. Milk delivery wagons were to be licensed. Milk containers were to have covers. To obtain uniform standards a "score card" system was introduced. However, except for the occasional inspection of milk producing and distributing units, provincial government authorities had neither the man-power nor the inclination to replace local government in the regulation of the fluid milk trade. In fact, both Regina and Saskatoon had enacted by-laws regarding milk prior to 1909.

The Fluid Milk Trade in Saskatoon 1906-1920

Saskatoon grew from a village of 113 persons in 1901 to a city of 12,004 persons in 1911.[20] At a city council meeting held in January 1906 two milk dealers, J.W. Steward and George Sim, asked for a licensing system to protect dairymen. They thought that the owners of individual cows should not be allowed to undermine their market for milk. The mayor was reported to have told them that "he had considered the matter from the view-point of public health. . . . He assured the petitioners that prompt action would be taken. He believed a large percentage of disease in town was due to the unsanitary condition of dairies." At the same meeting, Dr. W.J. McKay was appointed Medical Health Officer.[21] In spite of the mayor's promise of prompt action a by-law requiring milk vendors to obtain a license was not passed by the City of Saskatoon until June 1907, and a comprehensive by-law covering the regulation and inspection of dairies was not passed until 1910.

On 10 January 1910 the city of Saskatoon enacted a by-law which provided for the licensing, inspection, and regulation of dairies and milk dealers. This superceded all previous enactments. Anyone who sold milk or cream was to obtain a licence at a cost of one dollar per cow for the first ten cows and fifty cents for each additional cow in his herd. Owners of not more than two cows, whose milk was for personal use, were to obtain a fifty-cent permit each year. Semi-annual inspections of such cows, and of the premises upon which they were kept, were to be made. Distributors of milk were to be charged five dollars for the first wagon and one dollar for each additional wagon employed in the delivery of milk. If a dairyman disposed of all of his milk supply to a distributor he did not require a licence, regardless of the number of cows he had. The Medical Health Officer was to keep a register of all persons licensed to sell milk or cream in Saskatoon and could revoke a licence if standards were not met.

The city was to appoint dairy inspectors who would assist the city veterinarian in policing farmyards, dairy buildings, and distributing depots. The tuberculin test could be used on all cows associated with dairy herds supplying milk to the city. Any reactor was to be separated from the herd. Detailed specifications for stables, farmyards, milk sheds, and milk utensils were set forth. Standards for milk and cream were established. The by-law allowed the sale of skimmed milk in the city, but only if the milk was sold from yellow containers with large black lettering which clearly indicated that the product was indeed "skimmed" milk.[22]

The Saskatoon by-law of 1910 made no reference to pasteurized milk. The pasteurization process was introduced in Saskatoon by a privately-owned company. On 12 June 1912 the Saskatoon *Phoenix* announced that:

> A new creamery company to be known as the Saskatoon Pure Milk Company has been floated by several well known businessmen in Saskatoon. It will be in operation in about 2 months . . . . A. Mihalko is the manager of the new company. It is equipped for handling large quantities of milk and cream and for the manufacture of butter and ice cream.[23]

The new facilities were located on Avenue B between Twenty-fifth and Twenty-sixth Streets. Refrigeration, clarification, and pasteurization equipment was installed. G.H. Clare was the president of the new company, which began handling milk in June 1912. The large building mentioned by the *Phoenix* was completed in October. By December 1913 the company had taken over a substantial share of the fluid milk market in Saskatoon, with thirteen wagons engaged in hauling milk from the producer to the plant, or from the plant to the consumer. The company began to advertise "Pure Pasteurized Milk."

An unspecified type of infant illness termed "summer sickness", for the lack of a more scientific label, broke out in the city of Saskatoon in August, 1913. There were fifty-eight infant deaths in that month alone. The city's health department became concerned about the safety of the city's milk supply and closed down twelve dairies which were not adhering to the city's milk by-law. The *Saskatoon Daily Star* headlined "Boil the Milk is the Slogan Around the City." Samples of milk from all the milk dealers in the city were tested for bacteria — with startling results. The milk by-law's standard was that milk was not to contain more than ten thousand bacteria to the cubic centimeter. Tested samples revealed bacteria counts of up to 700,000 per cubic centimeter, and in one sample over four million were found. The latter instance was traced to impure water. The milk inspector suspected that milk shipped into the city from the country was subject to contamination because of the the length of the trip and because it was often left standing on station platforms awaiting late trains.[24]

When the city's medical health officer and dairy inspectors released their findings to the press they were chastised by city council and told that they were to report to their superiors before releasing any further information. Archie Mihalko of the Saskatoon Pure Milk Company complained that press reports were harming his company's business needlessly because his company pasteurized the milk it handled. He asked the city's Bacteriologist to test samples of the company's milk and to publish the results. The report on Mihalko's pasteurized milk was favourable.[25]

The concern over the purity of Saskatoon's milk supply finally induced city council to amend the milk by-law of 1910. The amendment, which was approved by council in March 1914, gave Saskatoon credit for introducing the first pasteurization by-law in Saskatchewan.[26] It stated:

> Notwithstanding anything herein before contained the following provisions shall apply on and after July 1, 1914:
> (a) No milk shall be kept for sale, offered for sale or sold in the City of Saskatoon for consumption, without having been subjected to the process of pasteurization hereinafter defined; provided that such dairies as shall obtain a permit from the Board of Health may sell their milk raw.
> (b) Permits for the sale of raw milk shall be issued to such dairies as shall be maintained at a standard high enough to obtain a score of at least 70% on the official score card of the Board of Health, of which score at least 28% shall be for equipment and 42% for methods.

Section (d) of the amending by-law stated:

> Notwithstanding anything contained in the preceding paragraphs hereof no milk shall be sold in the raw state in the City of Saskatoon unless such milk be produced from cows, that have been tested for tuberculosis by means of a tuberculin test, and have not reacted to the test.

Figure 2.2 indicates the nature of official scoring.

	SCORE			SCORE	
EQUIPMENT	Perfect	Allowed	METHODS	Perfect	Allowed
COWS			COWS		
Health	6		Cleanliness of cows	8	
Apparently in good health 1			STABLES		
If tested with tuberculin once a year and no tuberculosis is found, or if tested once in six months and all reacting animals removed 5			Cleanliness of stables	6	
			Floor 2		
			Walls 1		
			Ceilings and ledges 1		
			Mangers and petitions.. 1		
			Windows..............		
(If tested only once a year and reacting animals found and removed................ 2)			Stable air at milking time	6	
			Barnyard clean and well drained	2	
Comfort	2		Removal of manure daily to field or proper pit	2	
Bedding.............. 1			(To 30 feet from stable, 1)		
Temperature of stables 1			MILK ROOM		
			Cleanliness of milk room	3	

EQUIPMENT	SCORE Perfect	SCORE Allowed
COWS		
Food (clean and wholesome).	2	
Water	2	
Clean and fresh 1		
Convenient and abundant 1		
STABLES		
Location of stable	2	
Well drained 1		
Free from contaminating surroundings 1		
Construction of stable	4	
Tight, sound floor and proper gutter 2		
Smooth, tight walls and ceilings 1		
Proper stall, tie and manger 1		
Light: Four sq. ft. of glass per cow	4	
(Three sq. ft., 3: two sq. ft., 2: one sq. ft., 1. Deduct for uneven distribution).		
Ventilation. Automatic. System (Adjustable windows, 1)	3	
Cubic feet of space for cows: 500 to 1,000 feet	3	
Less than 500 feet, 2: less than 400 feet, 1: less than 300 feet, 0: over 1,000 feet, 0.		
UTENSILS		
Construction and condition of utensils	1	
Water for cleaning	1	
(Clean, convenient and abundant).		
Small-top milking pail	3	
Facilities for hot water or steam	1	
(Should be in milk house, not in kitchen)		
Milk cooler	1	
Clean milking suits	1	
MILK ROOM		
Location of milk room	2	
Free from contaminating surroundings 1		
Convenient 1		
Construction of milk room	2	
Floor, walls and ceilings. 1		
Light, ventilation, and screens 1		
Total	40	

METHODS	SCORE Perfect	SCORE Allowed
UTENSILS AND MILKING		
Care and cleanliness of utensils	8	
Thoroughly washed and sterilized in live steam for 30 minutes 5		
(Placed over steam jet. 4: thoroughly washed and scalded with boiling water, 3: thoroughly washed, not scalded, 2)		
Inverted in pure air 3		
Cleanliness of milking	9	
Clean, dry hands 3		
Udder: washed and dried 0		
(Udders cleaned with moist cloth. 4: cleaned with dry cloth at least 15 minutes before milking. 1)		
HANDLING THE MILK		
Cleanliness of attendants	1	
Milk removed immediately from stable	2	
Prompt cooling (cooled immediately after milking each cow)	2	
Efficient cooling, below 50 deg. F.	5	
(51 to 55 deg., 4: 56 to 60 deg. 2)		
Storage, below 50 deg. F.	3	
(51 to 55 deg., 2: 56 to 60 deg., 1)		
Transportation, iced in summer	3	
(For jacket or wet blanket allow 2, dry blanket or covered wagon, 1).		
Total	60	

Score for Equipment .... + Score for Method ....=......... final Score

NOTE 1 — If any filthy condition is found, particularly dirty utensils, the total score shall be limited to 40.

NOTE 2 — If the water is exposed to dangerous contamination or there is evidence of the presence of a dangerous disease in animals or attendants, the score shall be 0.

Fig. 2.2 Detailed Score Card

Source: Schedule D to Bylaw No. 1035 of the City of Saskatoon, City Hall, Saskatoon.

To conform to the by-law's definition of pasteurization, milk was to be heated to 145 degrees Fahrenheit and held at that temperature for at least twenty minutes. The by-law applied to sweet cream and to cream used in the manufacture of ice cream. All tuberculin testing was to be done annually and was to be supervised by the Board of Health. Another clause, probably inserted in the by-law because of the health authorities concern over the condition of milk received by rail from farms outside of Saskatoon, was that "no milk shall be sold in the City of Saskatoon that has been shipped from any point without a radius of 60 miles from the said City, unless same has been shipped in refrigerator cars." This clause was to be the subject of controversy in the 1920s.

Coincidentally, it was in spring 1914 that the Dominion government at long last introduced a new approach to the control of bovine tuberculosis.[27] The federal government, under certain conditions, offered to assist cities and towns to eliminate tubercular cows from dairy herds and the new Veterinary Director-General, F. Torrance, stated that, "After much consideration . . . it was decided to attack the disease where it was most dangerous to the human race."[28] Certainly, one characteristic of the democratic political process is the slowness with which it responds — an attribute that is to be applauded in certain circumstances and deplored in others.

Under the new federal regulations, cities and towns could request that all dairy cattle supplying milk to their market be tested for tuberculosis by federal employees. Before such testing would be undertaken, each urban government was to agree to license all dairies which sold milk or cream; licenses would not be issued to dairies failing to conform to Ottawa's standards. After two years from the date of the first test, any herd tested was to be tuberculosis-free or the dairyman would be prohibited from selling milk from that herd. Each municipality was to have or appoint inspectors who would ensure that cows were kept healthy, clean, and properly cared for. All diseased cattle affected with "open" tuberculosis were to be slaughtered, preferably at an abattoir. Reactors to the tuberculin test could be separated from the non-reactors and slaughtered immediately, or slaughtered after finishing for market, or retained in the herd as milk producers only if their milk was pasteurized. The choice was the owner's. Compensation was to be paid on the basis of one-half the appraised value if an "open" case, and one-third of the value if the animal was a reactor. Valuation was to be made by an inspector, and was not to exceed $60 per head for grade cattle and $150 for purebreds. All cows purchased by a dairyman while his herd was under test were to pass the tuberculin test successfully before being placed with the herd.[29]

Many inquiries reached the federal Department of Agriculture immediately after the offer to test was made public but only one, from the city of Saskatoon, was found to comply with the conditions imposed by the regulations. Testing began at Saskatoon in spring 1915. The Saskatoon *Phoenix* reported that the work was undertaken at the request of D.A. Wilson, Medical Health Officer for Saskatoon.[30]

The efforts of the urban municipality of Saskatoon dovetailed with the Dominion government's policy regarding tubercular cattle. The dairy branch of the provincial government's Department of Agriculture had no rôle to play in Saskatoon. In contrast, the provincial government's creamery policy came into conflict with the desire of the Regina city council to follow in Saskatoon's footsteps, at least with regard to tuberculin testing.

The Fluid Milk Trade in Regina, 1906-1920

Regina municipal authorities had passed a milk by-law in 1895 which gave to the town inspector authority to examine milk offered for sale. It was not until 1907, after an epidemic of typhoid fever had alerted the city authorities to the health hazards of the milk supply, that a new by-law was introduced. In October, 1906 the Regina *Morning Leader*, much to the displeasure of city council, published the results of an analysis of the bulk of Regina's milk supply by the provincial analyst and bacteriologist, Dr. Charlton.[31] Four dairies were involved. The dairies of J.C. Pope, J.V. Boyd and the Salkins dairy were free from typhoid infection, but G. Broder's was not. The authorities were reluctant to take swift and decisive action. Broder was asked to disinfect his utensils and to use city water, for it had been found that manure waste drained into Broder's well. He complied and continued to deliver milk until a second analysis revealed that the milk from his dairy was still contaminated. The Broder family had been infected with typhoid and Broder voluntarily agreed to cease the delivery of milk.[32]

Reluctantly, it seems, Regina's city council passed a new milk by-law on 24 September 1907.[33] The milk supply was placed under the supervision of the city's medical health officer while dairy buildings, utensils, wagons and dairy cows were placed under the sanitary inspector's supervision. Standards for milk and cream were set and skimmed milk was to be distributed in red cans upon which, in black letters at least three inches high, the words "skimmed milk" were to be painted. Vehicles used to transport milk were to be kept clean and were to be fly-proof, dust-proof, and reasonably frost-proof. The "dip method" of delivery was still commonly used, but the by-law stated that all pouring cans, dippers or other containers used in the distribution of milk were to be sterilized daily, as were all bottles or jars in which milk was sold. Utensils were not to be washed in troughs from which animals drank. Cows that reacted to tuberculin tests were to be separated from dairy herds. Anyone who continued to sell milk after orders to cease was subject to a ten dollar fine for each day sales continued. Dairymen and vendors of milk were to be licensed.

The reaction to the new by-law was mixed. The Regina *Daily Standard* headlined that every precaution had been taken to protect milk used by Regina citizens. B.F. Marshall, a dairyman, was reported to have said, "Why! no sane man would attempt to comply with all the regulations that fool council wants to put on us and none of us will try. I take it a dairyman has about as much brains as an alderman, and he should know a thing or two. I for one will not attempt to comply with the regulations but will close up my dairy."[34] However, second thoughts and saner moments must have prevailed, for there is no evidence of any major withdrawal of milk from the city market. But Marshall, and independent dairymen like him, were undoubtedly threatened by regulations that increased costs, especially those of distribution.

As time went on and the city of Regina grew, the provisions of the by-law of 1907 were refined and extended. A by-law passed in spring 1908, which came into effect on 15 June 1908, required that all milk and cream for domestic use in the city was to be sealed in bottled of pint or quart size.[35] The "dip method" was finally outlawed. In May 1909 the city regulations were made to apply to dairies outside the city limits if milk from them was sold in the city.[36] By 1910, the cities of Regina and Saskatoon had similar milk by-laws. Thereafter, developments in Regina diverged significantly from those in Saskatoon because W.A. Wilson and the dairy branch of the Department of Agriculture became embroiled in the Regina milk trade. The nature of this involvement must be made clear.

W.A. Wilson, as Dairy Commissioner for Saskatchewan, was prepared to use both government and private capital to promote the dairy industry. As early as 1908 Wilson had recommended that the government erect cold storage facilities. He wrote, "To render the best service to the farmers, and develop the dairy industry by securing the best price for butter, it is important that this [cold storage] matter be considered. The manufacture and disposal would then be directly under our supervision where every attention could be given the minutest details and market requirements complied with." Saskatchewan creamery butter had been shipped to Calgary cold storage before 1905. Now Winnipeg cold storage was used and the government, in 1908, had incurred a cost of $877.07 for the use of the facilities there. As the butter was eventually sold in west coast markets, this arrangement involved double transportation charges. Wilson proposed that a building, fully equipped with a cold air refrigeration system and with a capacity of twenty thousand cubic feet, be erected by the government in Regina. He estimated that the total cost would be $18,000.[37] Each time Wilson proposed such facilities, Motherwell had other expenditures to which he gave priority.

Wilson's opportunity to establish a creamery and cold storage facilities in Regina came in 1912. The creamery at Qu'Appelle, which was operated by the government, was housed in a building erected by S.H. Caswell in the 1890s. It was placed on a site that made efficient drainage difficult and complaints multiplied about the disagreeable odour arising from creamery waste. Any attempt to improve the situation would have involved considerable expense, and Wilson recommended that the Qu'Appelle creamery be closed. To support his recommendation, Wilson pointed out that in 1910 87 percent of the cream delivered to the Qu'Appelle creamery was shipped there by rail from outside points, and that in 1911, although 255 farmers supplied cream, only twenty-four lived in the Qu'Appelle district. Farmers in the Qu'Appelle district were supplying the Regina and Moose Jaw markets with fluid milk and sweet cream.

Enough has been said regarding Wilson's devotion to the development of the dairy industry for all to recognize that he would not recommend the closure of a government creamery unless he had an alternative in mind. The alternative was the establishment of a new facility in Regina to produce butter, ice cream, and other dairy products, and to pasteurize milk for the city's fluid milk market. Wilson proposed that local Regina businessmen be persuaded, by government guarantees regarding management of the dairy plant and a return on money invested, to build and equip the necessary facilities.[38] In March, 1912 Motherwell agreed to close the Qu'Appelle creamery if satisfactory arrangements could be made to erect a creamery in Regina.

Although forced to make use of private capital by Motherwell's reluctance to commit government funds, Wilson had no intention of allowing facilities in Regina to operate independently of the government. There is every indication that he intended the new facilities to be operated by the government as an experimental station. The *Nor-West Farmer* reported that the Department, while operating the proposed Regina plant, intended to study the retail aspects of milk marketing and the ice cream trade in order to prepare for the time when legislation to regulate these aspects of the dairy industry was required.[39]

Wilson approached a number of Regina businessmen with the offer that the dairy branch would manage a creamery for them and pay 8 percent on the money invested if they would provide the necessary capital.[40] Many businessmen were in favour of the stability of farm income associated with diversified farming and Wilson's offer was accepted. The Dominion Dairy and Produce Company, capitalized at $50,000 divided into five hundred shares, was incorporated under the *Companies Act* in January 1912.[41]

The dairy branch operated the dairy plant and business expanded. In both 1913 and 1914 Wilson made expenditures on capital account. He did this without permission from the shareholders, and they were informed that the interest they were to receive (and which had been agreed upon verbally) was to be withheld until the liabilities incurred because of the unauthorized capital expenditures were liquidated. Such a course, Wilson claimed, " . . . was made necessary because the Company practically ignored all requests to provide for the growing trade."[42] Obviously, the men who put up the necessary capital looked upon the creamery as an investment while Wilson looked upon it as an important element in his plans to build a dairy industry in Saskatchewan. He had installed in the Regina plant the most modern pasteurization and buttermaking equipment available. The relationship between the dairy branch and the shareholders quickly deteriorated. Wilson's plans to install elaborate cold storage facilities were now thwarted by the animosity of private investors and by the continued reluctance of Motherwell to commit government funds.

In autumn 1912, Dr. M.R. Bow, who had been appointed Regina's city medical health officer earlier in the year,[43] equated high infant mortality to contaminated milk and began taking steps to improve the city's milk supply. After 1 January 1913 a record of all dairies meeting a certain standard of cleanliness was to be published in the city's health bulletin, and a dairy inspector was to be appointed.[44] When the opportunity arose, Dr. Bow moved to have the city adopt a by-law which would qualify the city for the Dominion government's offer to test dairy cattle for tuberculosis. The necessary by-law was passed in 1916.[45]

Regina's new milk by-law distinguished between tested and pasteurized milk. The former was defined as milk from cows tested for tuberculosis and sufficiently clean to permit its use without pasteurization. All milk that came from farms more than ten miles from Regina was to be pasteurized. The by-law recognized a special category of milk certified by the Regina Medical Association. The certified milk provision reflected the fact that many doctors suspected that the pasteurization process destroyed the food value of milk. The sale of homogenized milk was allowed if it was clearly labelled as such.

Regina requested Ottawa to test cows for tuberculosis in the fall of 1915 or early in 1916. However, the Saskatchewan legislature gave assent to a new *Dairymen's Act* on 29 February 1916, the provisions of which were to come into force on 1 June.[46] Significantly, the new act gave the Dairy Commissioner the right to approve of or to reject municipal milk by-laws. Regina's new milk by-law had been passed and Dominion government veterinarians had begun to test cattle for tuberculosis when it was announced that W.A. Wilson was withholding his approval of the by-law.[47]

The controversy that broke out when Wilson refused to sanction the city's by-law brought to light the fact that the government-managed Dominion Dairy and Produce Company was looked upon with suspicion by city businessmen and by some dairymen. Wilson's treatment of those who contributed capital to the company was one factor in this animosity. Another was that this company was by far the largest distributor of fluid milk in Regina and, while it was not in a monopoly position, some thought it was, and others were concerned that it would be. It was suspected that Wilson's refusal to ratify the new by-law was related to his desire to maintain a monopoly position. In fact, Wilson did not wish to see dairymen cut off from Regina's market merely because they did not meet the higher standards required. This would discourage patronage of the Dominion Dairy's creamery and, worse still, would diminish any interest in dairy farming. Wilson was not about to allow Ottawa to dictate who could or could not supply fluid milk to his Regina plant.

The Dominion Dairy and Produce Company increased the price of milk from ten cents per quart to eleven cents per quart on 20 October 1916. This was not an unusual increase because the seasonal nature of milk production in Saskatchewan required a greater inducement to dairymen to produce in the winter months. However, this price increase brought forth more than the usual reaction. The Regina *Morning Leader* tried to explain the increase by arguing that:

> . . . farmers in the territories adjacent to Regina were not taking very much pains to produce milk. . . . they were too busy with their other duties around the farmstead to bother with milking cows.
>
> Another phase of the industry [is] the stringent regulations which are being sought to ensure beyond a doubt a clean and wholesome supply of milk. While not denying the necessity of these regulations it was pointed out that farmers did not take kindly to them at the present time.[48]

The Regina *Morning Leader* supported the Liberal government of the province. The *Regina Daily Post* supported the Conservative opposition. The *Post's* analysis of the milk situation was somewhat different:

> We see no reason why the people of Regina should pay 11¢ a quart to the Dominion Dairy for milk when the other dairymen of the city are selling milk from tested cows at ten cents a quart. Commissioner Wilson is holding up the by-law relating to the testing of cows because a number of the Dominion Dairy cows have not been tested. The other dairymen have all tested their cows.
>
> As for reasons for raising the price of milk they do not exist. There is more feed in this country . . . more cows in the district than ever before so that if there are any reasons for raising the price of milk they exist only in the mind of the commissioner.[49]

On 26 October the *Post* made public the intentions of a group of dairymen to hold milk at summer prices throughout the winter.

The "battle royal," as the *Post* described the milk controversy, was given a public airing on 9 November 1916 when W.A. Wilson met with the mayor of the city and many prominent citizens.[50] At the meeting Wilson emphasized the milk shortage in Regina. He argued that, "the action of the medical health officer in arbitrarily cutting off dealers made the supply totally inadequate, and he was compelled to safeguard the interests of the city's milk supply by taking advantage of the dairymen's act." He stated that the Dominion Dairy and Produce Company pasteurized all milk and that there was no need to jeopardize the city's milk supply by discouraging milk producers. He offered to place the Dominion Dairy under the city's complete authority with the understanding that decisions as to who could or could not ship milk would be made by and through the dairy branch of the Department of Agriculture in Regina. Wilson also informed the meeting that the Dominion Dairy had produced eighty boxcar loads of butter in 1915. He did not explain where all this butter had come from, nor did anyone inquire as to why more of the milk that became butter could not have been pasteurized and used in the fluid milk trade.[51] To underline Wilson's contention that a milk storage existed, the Dominion Dairy, on 9 December 1916, reduced milk deliveries from the usual seven per week to three per week.[52]

On 3 January 1917 the *Post* summarized the controversy to the end of 1916:

> The government would not consent to the passing of this by-law, which is of renewed interest to the citizens of Regina since it is again to be put before the government. The dairy commissioner was not willing to have the Dominion Dairy Company come under this by-law as they would necessarily do, since the Dominion Dairy supplies the great majority of milk to Regina. The dairy commissioner claimed that if such rigid restrictions were put on the farmers who supplied their milk that they would lose a large part of their supply. The 'Health of Animals' Department tested the cows for the city officials and found two hundred of the three thousand cows that supplied milk to Regina affected with tuberculosis, and forty places were condemned as dirty and badly ventilated. These were advised by the city that they could not send their milk to Regina because their conditions did not conform to the city by-law, but circular letters were sent out at the same time by Dominion Dairy Company notifying all these farmers to continue sending their milk as usual.
>
> As soon as the Dairy Commissioner refused to allow the by-law, the Health of Animals Department refused to continue making the inspections. So far as is known these farmers are still sending their milk to Regina and the milk from the tubercular cows is still coming same as ever.[53]

While the government and the city council debated the by-law, others took action. The Regina Medical Society arranged for a supply of "certified" milk which was to be shipped to the city by a dairy woman in Qu'Appelle. Others, including the mayor of the city, took steps to organize a company to end the Dominion Dairy and Produce Company's "monopoly" of the fluid milk trade,[54] and the Regina Pure Food Company was incorporated on 13 January 1917.[55] Its organizers planned to operate a dairy farm in conjunction with distributing and manufacturing facilities, and the factory was to be large enough to absorb all the milk and cream produced in the Regina area.

There is no evidence to indicate that the plans of the Regina Pure Food Company were implemented. On 19 January 1917 representatives of the city, including the mayor and the medical health officer, met with W.R. Motherwell, F.M. Auld, Deputy Minister of Agriculture, and W.A. Wilson to discuss the milk question.[56] The city officials insisted upon their right to pass a milk by-law and a compromise must have been reached at this meeting, or at some later date, for Regina's council passed a new by-law on 4 July, 1917.[57] This new by-law removed those sections of the old one pertaining to an agreement, the form of which was to be approved by the city, between milk producers and milk distributors to which both parties were to adhere or run the risk of losing their licence. In other respects the new by-law was similar to the one which had caused the controversy. The new by-law was approved by the dairy branch.

Dominion government officials could now proceed with tuberculin testing at Regina. By this time, the town of North Battleford had requested and received

Dominion government testing. By 31 March 1918 four urban centres in Canada, three of them in Saskatchewan, had taken advantage of the Dominion government's offer to test dairy cattle for tuberculosis. Table 2.5 summarizes the work of municipal testing to 31 March 1918.

TABLE 2.5
MUNICIPAL TUBERCULIN TESTING TO 31 MARCH 1918

	Tests Made	Reactors	Per cent Reactors	Reactors Slaughtered
North Battleford	929	101	10.80	48
Saskatoon	9,144	292	3.10	34
Regina	3,579	146	4.07	82
Ottawa	2,151	166	7.70	118

Source: Canada, Sessional Paper, 1919, 15B, *Report of the Veterinary Director General, Department of Agriculture*, 13.

The Fluid Milk Trade in Moose Jaw, 1902-1920

Although the population of Moose Jaw had grown to 13,823 in 1911, and to 19,285 in 1921,[58] the city did not have a by-law to regulate the sale of milk until 1920. The fluid milk trade in Moose Jaw was shaped in an environment free from government involvement, except for surveys carried out by provincial authorities in 1910 and again in 1920. The quality of Moose Jaw's milk supply depended upon the initiative and integrity of private dairymen and distributors.

In 1909, Charles H. Boyd had linked outbreaks of typhoid fever in Moose Jaw to impure milk. Boyd was a new arrival in Moose Jaw from Ontario, and he, and another newcomer from the east, J.A. Caulder, formed the Moose Jaw Dairy Company. The purpose of this company was "to take over the dairy business lately begun by Joseph A. Caulder and Charles Boyd."[59] The new company operated a 480-acre farm three miles southwest of Moose Jaw and stocked it with dairy cattle purchased in Ontario and Wisconsin.[60] At the time the Moose Jaw Dairy Company was organized, there were fourteen milk vendors in Moose Jaw sufficiently specialized to warrant the attention of the provincial authorities. The milk sold by these dairymen was examined in 1910 and high bacteria counts were found in virtually every sample.[61] These results did not bring on a city by-law but confirmed the need for a safer, cleaner supply of milk. The Moose Jaw Dairy Company set out to supply it.

In 1910 the company built a milk distributing plant on the corner of River Street and First Avenue North-West in Moose Jaw which was used for bottling milk. A new plant, complete with pasteurization equipment, mechanical refrigeration and homogenizing equipment, was opened in 1911 on Fairford Street West. From this location the Moose Jaw Dairy Company marketed the first commercially-produced pasteurized milk in the province, the first commercially-produced ice cream, the first butter to be made from pasteurized cream, and the first commercially-produced homogenized milk. The plant was the first in Saskatchewan to be equipped with mechanical refrigeration.[62]

The Moose Jaw Dairy Company had been incorporated with an authorized capital of $100,000, divided into one thousand shares of $100.00 each. Charles Boyd sold his interests in the company late in 1910, or in 1911, to J.A.

Caulder and one other shareholder in the company and, shortly thereafter, in 1912, the company was dissolved. The company's assets were taken over by the Saskatchewan Creamery Company which was incorporated in 1912 with an authorized capital of $500,000, divided into five thousand shares of $100.00. The Saskatchewan Creamery Company went into voluntary liquidation in 1914 when the Executors and Administrative Trust Company of Moose Jaw was appointed liquidator. Objection was taken to this arrangement because the directors of the creamery company were nearly all directors of the trust company but action taken in the courts did not result in a change. The company sold its assets to Margaret Caulder, J.A. Caulder's wife, who carried on the business under the name of the Saskatchewan Creamery Company until 1917. The company was taken out of liquidation then by incorporating a new company, the Saskatchewan Creamery Company of Moose Jaw Limited, with an authorized capital of $150,000, divided into one thousand preferred and five hundred common shares of $100.00. The shareholders of the old company received nothing but, at the time of incorporation of the new company, Margaret Caulder was issued 750 preferred shares, 250 common shares fully paid up, and control was firmly vested in the Caulder family.[63] The turbulent history of the Moose Jaw-based company, with J.A. Caulder at the helm, was to continue into the decade of the twenties.

The fact that the Saskatchewan Creamery Company was forced into voluntary liquidation in 1914 was, perhaps, a result of over-expansion in 1912 and 1913. In autumn 1912, the company began construction of a new creamery building in Moose Jaw at a total cost of $60,000; another factory in Weyburn, built at the cost of $35,000, included a complete ice cream plant, a buttermaking plant, and machinery for pasteurizing milk and cream,[64] and was opened in December 1912.

The Saskatchewan Creamery Company ceased to deliver milk from door to door in Moose Jaw in May 1913. Its retail trade in fluid milk was transferred to a newly organized company — the Farmers' Dairy Company in which Moose Jaw district farmers were the shareholders.[65] Charles Boyd was president and W.P. Wood was secretary-treasurer.[66] The evidence suggests that the Saskatchewan Creamery Company, and its successor the Saskatchewan Creamery Company of Moose Jaw, acted as a wholesaler while the Farmers' Dairy Company was the retailer of fluid milk. Through this arrangement, Caulder's companies avoided direct competition in the fluid milk trade with the farmers who delivered milk in Moose Jaw direct from their own farms. Open conflict in Moose Jaw's fluid milk market did not break out until 1925.

The Farmers' Dairy Company went into liquidation in 1920. At an extraordinary meeting of the shareholders held 18 May 1920, it was resolved that "owing to its liabilities the Farmers' Dairy Company cannot continue business and that it be wound up." The liquidators, the Executors and Administrative Trust Company, found that the company's books were in a deplorable state and that W.P. Wood had left the country. The company was struck from the register of joint stock companies in 1923.[67]

The failure of the Farmers' Dairy Company was related, perhaps, to the absence of a milk by-law in Moose Jaw that would have made it more difficult for a large number of individual milk distributors to continue in business. It was reported in 1918 that as many as six milk wagons, each representing an individual milk producer and distributor, could be seen on the same street at one time.[68]

In spring 1920, the Bureau of Public Health, through its newly-formed division of sanitation, investigated the conditions under which milk was supplied to the cities of Moose Jaw, Regina, Saskatoon, and Prince Albert. The published results of the investigations revealed that Moose Jaw's fluid milk requirement of approximately 4,400 quarts daily was supplied by seventy-five farms within a 150-mile radius of the city, and by 120 privately-owned cows within the city limits. The Saskatchewan Creamery Company of Moose Jaw pasteurized about 45 percent of the city's requirements, while raw milk was distributed by individual farmers. Several farms specialized in the fluid milk trade — the Moose Jaw Dairy operated by F.M. Loutzenhiser, the Empire Dairy operated by Alexander Bush, the Cobourg Dairy operated by W.H. Johnstone, the Mount Elgin Dairy operated by Elgin Hayes, and the Rideau Heights Dairy operated by F.J. Jones.[69]

The results of the survey were startling. Although Caulder's company took every precaution to keep milk clean, it was found that its bottle-washing equipment was inadequate and that dirty bottles recontaminated pasteurized milk. Sanitary conditions at the Cobourg Dairy were reported to be relatively good, and at the Rideau Heights Dairy to be "fairly satisfactory." As for the rest, milk was produced under indifferent conditions. Of course, none of the dairy cows had been tested for tuberculosis.

As a consequence of the survey, Caulder's company took immediate steps to improve its facilities and the Moose Jaw city council was at last jolted into passing a milk by-law that would license dairymen and provide for Dominion government testing of dairy cattle for tuberculosis.[70] The new by-law was passed on 30 November 1920 over objections from three aldermen, including Charles Boyd.[71] The by-law merely provided for a score card system to be used to determine if a dairy farm's standards were sufficiently high to allow its milk to be sold raw. It provided that all milk coming from a place of origin more than ten miles distant was to be pasteurized, but even this stipulation could be avoided by special permit. However, testing for tuberculosis could now begin in the Moose Jaw area. Boyd's objections were based on a fear that the by-law would create a monopoly in the distribution of milk and the only firm that was in a position to become monopolistic was Caulder's. However, Boyd's fears were unfounded because raw milk could enter the market as long as it came from tuberculosis-free herds and from farms scoring over 75 percent on a score card system. The by-law came into force on 1 January 1921.

Homogenized Milk for the Province: Battleford's Experience

Battleford's Board of Trade and its municipal council had great ambitions for the town. The Board of Trade employed a publicity commissioner in the person of A.A. Leslie,[72] whose duty it was to bring industry to Battleford, "the next city of the West." In spring 1911, he was instructed by the Board of Trade to take steps to ensure a creamery would be built in Battleford. Leslie brought in J.F. Schindler, who had been connected with the condensed milk business in California and Washington, and who recommended a condensed milk factory in Battleford.[73] The company he envisaged was to be capitalized at $70,000 and, although Schindler spent the summer of 1911 attempting to raise sufficient capital, the necessary amounts were not forthcoming. Leslie, in the meantime, had taken steps to organize the Battleford Creamery Company and had applied for a government loan, but the application was rejected by Wilson on technical grounds. In view of the fact that the government had established a creamery at Lloydminster by 1911, it is not surprising that no encouragement was given to the establishment of a creamery which would compete for the available supply of cream. Leslie then invited A.F. MacLaren, founder of the Laurentia Milk Company, to consider Battleford as a site for a factory.

MacLaren, whose company was founded in 1909, had established branches across Canada by 1912. He manufactured Imperial brand cream cheese and was the holder of the Canadian patent to a new milk processing process. MacLaren's Alberta headquarters were at Red Deer, where the local citizens had raised $50,000 for a company capitalized at $500,000; there was also a company plant at Neepawa, Manitoba, and MacLaren was anxious to expand into Saskatchewan.[74]

In 1912, K.F. MacLaren, the promoter's son, visited Battleford and proposed a company capitalized at $400,000. Battleford could become the company's Saskatchewan headquarters by subscribing for $40,000 of stock. A.F. MacLaren was to receive $40,000 in cash and $80,000 in shares for the use of his patent rights. Battleford's council decided to submit a money by-law to its burgesses to enable it to borrow the required amount, and the by-law was passed with only five opposed and sixty in favour.[75] The company was incorporated on 28 September 1912.[76] The factory's actual building cost was estimated to be $30,000.

Construction began in October 1912. Optimism was in the air. A banquet was held for MacLaren on 20 February 1913. The Petrie Manufacturing Company, makers of Magnet Cream separators, decided to make Battleford their headquarters for Northern Saskatchewan with a warehouse, and four salesmen operating from the town.[77] The Laurentia plant opened for business on 18 May 1913. By the end of June, the *Battleford Press* reported that milk deliveries amounted to two thousand pounds a day, and, in addition, large quantities of cream for the manufacture of butter were being received.[78]

Homogenized, pasteurized milk was purported to have unusual keeping qualities and could, therefore, be transported long distances. In fact, all of Saskatchewan was considered to be the market for the Battleford factory. Depots were set up in Regina, Saskatoon, and Moose Jaw through which homogenized milk would be marketed. In Saskatoon the Laurentia Milk Store, operated by C.G. and J.B. Cleveland, opened at 223 3rd Avenue South. J.R. Sproat was to take charge of sales in Regina and Moose Jaw.[79]

A factory of the size and sophistication of the Laurentia Company's plant in Battleford required a continuous supply of clean, fresh milk. This supply was not forthcoming and the company did not survive the first winter in which it attempted to operate. In the last week of January 1914 members of the town council and of the local board of the company met with MacLaren to discuss a complete new management.[80] MacLaren hoped that he could help alleviate the Battleford factory's financial problems by the sale of shares in Alberta.[81] The fact that the company was receiving much less milk than was necessary is indicated by a report that the concern's local customers had not received their regular supply in February 1914 because the company's contract with the mental institution at Battleford absorbed the entire amount available.[82] By 16 July 1914 came notice of voluntary winding up of the company's affairs.[83]

For the remainder of 1914, and in 1915, Battleford town council wrestled with the problem of the idle plant to which they had committed such a large sum. When W.G. Reid of Chicago, who was in the milk condensing business in the United States, made the council an offer for their equity in the plant, his offer was agreed to but he failed to exercise his option by the deadline of 1 June 1915.[84] An option was given to a Mr. Potter in June 1915, but that was never acted upon.[85] In April, there were discussions about the government operating the plant, but the government would not consider such a proposal so long as there was a lien against the building.[86] Finally, an offer from Lobb and Clark, owners of a Battleford business enterprise and creditors of the Laurentia Milk Company, had to be accepted.

A. Lobb, a Winnipeg MLA, offered to buy from the town of Battleford the lots on which the plant stood and to arrange with other creditors to operate a butter factory.[87] In October 1915 an agreement was reached whereby the lots were sold for $1,800, and the firm of Lobb and Clark agreed to operate the creamery (as it was now called) for a period of five years for at least six months of each year.[88] The council agreed to connect the building with water and sewage outlets. Apparently, the Laurentia Milk Company had intended to handle a ton of milk daily without running water.

On 3 May, 1916 G.L. Ward arrived from Moose Jaw to take charge of Lobb and Clark's creamery business.[89] The Laurentia plant became known as the South Battleford Creamery Company and was in competition with a creamery at North Battleford, established in 1914, which was bought by the government in 1916 to become a part of the Saskatchewan Co-operative Creameries Company in 1917.

The only provincial government involvement in the Battleford affair was in the purchase of dairy cattle for the Laurentia Milk Company. To ensure an adequate supply of milk, MacLaren had offered to finance the purchase of milk cows for the farmers of the district. In this undertaking he enlisted the aid of the Department of Agriculture to select and to care for the cattle purchased until they arrived at their destination. The first shipment of cattle consisted of 150 head of Ayrshires and Holsteins obtained from the Chateauguay district of Québec. Of these, over one hundred were distributed throughout the Battleford area. B.H. Thomson of Boharm, C.E. Thomas of Lloydminster, and A. Cameron of Condie obtained the others. It was then announced that the government, through the Livestock Commissioner, was prepared to pursue a more general policy for the introduction of high grade livestock into Saskatchewan.[90]

By March 1913, the Department of Agriculture announced a Live Stock Distribution Policy whereby it would purchase dairy cattle, sheep, swine and poultry for resale to farmers. Three options were open. Farmers could pay in cash, on a part cash, part credit option, or use an option that provided for purchase entirely on a credit basis. Only farmers who were patrons of government-operated creameries, or who agreed to become patrons of such creameries, could use the part cash, part credit option. Under the all-credit option, one carload of high-grade milch cows would be allotted to one creamery district if that district's creamery association endorsed the promissory notes of the individual purchasers.[91] Demand for livestock under this plan was brisk. The Regina *Morning Leader* reported:

> Three carloads of dairy cattle and grade Holsteins purchased by the provincial department of agriculture for sale to Saskatchewan farmers who supply milk to the co-operative creameries have been delivered at Tantallon and during the present week several other large consignments will be delivered at various points.
>
> J.C. Smith, provincial live-stock commissioner stated yesterday that a carload of cattle from Burlington would be delivered at Langenburg in a few days time. There are still four or five cars to be delivered.[92]

The response to the government's purchase for resale plan led to the *Livestock Purchase and Sale Act*.[93] Passed by the Saskatchewan Legislature on 19 December 1913, this act provided the Livestock Commissioner with $500,000 to be used to finance the purchase of suitable livestock for farmers. Farmers, in turn, were offered six options, two involving cash purchases, and four involving credit. Sales made upon credit were to be to farmers who were members of a society or association organized for the purposes of the act, or for livestock improvement. Credit sales could also be made to patrons of government-operated creameries, or to farmers who agreed to become patrons. Application for animals which were to be bought on credit were to be approved by the local association. No cattle were to be purchased outside Saskatchewan unless first subjected to the tuberculin test.

The *Livestock Purchase and Sale Act* brought the work of the Livestock Commissioner and the Dairy Commissioner into close contact. W.A. Wilson had neither initiated this policy nor participated in its implementation. In fact, the credit provisions of the act, in Wilson's opinion, placed in jeopardy his creamery policy of "judicious centralization." Wilson complained that farmers pressed for a government creamery in their midst, not because they intended to give it loyal support, but because it was a means of becoming eligible for the purchase of cattle from the government on a credit basis.[94] A.F. Mantle, Deputy Minister of Agriculture, informed Wilson that there was no need for the provisions of the *Livestock Purchase and Sale Act* to interfere with the work of the Dairy Branch, as the organization of a government creamery was only one of several options open to the farmers.[95] Wilson's objections to a policy that was designed, in large part, to enhance the dairy producing capacity of the province are testimony to the single-mindedness of the man. *The Livestock Purchase and Sale Act*, the provisions of which Saskatchewan farmers availed themselves of until 1939, was the only lasting effect of the MacLaren dairy plant at Battleford.

Developments in Prince Albert

Markets for fluid milk developed in the Prince Albert area in the 1880s and encouraged pioneers such as William Miller to engage in the production and distribution of milk. By the time the province of Saskatchewan was formed, the town of Prince Albert provided a market for fluid milk. James Howrie, who moved into Prince Albert in 1906, brought with him several milk cows and began to sell milk in town, delivering it in syrup tins.[96] John Alston established the Lakeview Dairy in 1906, delivering milk with a democrat and team of horses and employing the "dip" system. The milk was delivered in five-gallon containers, from whose sides hung pint and quart measures which his customers used to "dip" their milk requirements, at five cents per quart.[97] However, Howrie and other dairymen, such as Tom Bibby and William Pearman, discontinued milk deliveries in Prince Albert after the Prince Albert Creamery Company was established.[98] The Prince Albert Creamery Company was incorporated on 4 July 1913 with an authorized capital of $50,000. F.W. Armitage was president and R.W. Heim was manager of this company, which was owned by prominent Prince Albert businessmen.[99] R.W. Heim became a major shareholder in the Prince Albert company and played an important role in the future development of the province's dairy industry.

Conclusion

The framework of W.A. Wilson's policy for the development of the dairy industry in Saskatchewan was so exclusively related to the development of an export staple in the form of butter produced in government-managed, centralized creameries that the dairy branch found itself in conflict with municipal by-laws, the aspirations of private capital, and provincial government policy in other areas. It also meant that regulations regarding health standards in the dairy industry were left to the Bureau of Public Health and local authorities. The conflict with private capital that Wilson's policy brought about had far more significance for the development of the creamery industry than has been indicated. It is necessary, therefore, to examine in detail the expansion of butter factories in Saskatchewan within the framework of the policy of "judicious centralization."

THREE

GOVERNMENT POLICY AND THE DAIRY INDUSTRY IN SASKATCHEWAN, 1905-1920

Introduction

The dairy branch of the Department of Agriculture dominated the trade in and manufacture of butter, but had little to say on the fluid milk trade. In fact, under W.A. Wilson, dairy policy was creamery policy and creamery policy was based on the premise that Saskatchewan farmers, like farmers in older, more mature agricultural regions, would some day rely less upon wheat and more upon dairy cows for prosperity. It was wise, Wilson argued, to develop with an eye to the future.

Wilson had described his creamery policy as one of "judicious centralization." In his stubborn adherence to this policy of establishing centrally located "co-operative" creameries, Wilson shaped the future development of Saskatchewan's dairy industry, but it was not to be the future he envisaged. He overlooked the fact that Ontario grain farmers could not compete with grain produced on the frontier and that they would turn to dairy production as an alternative. Wilson envisioned that creameries would encourage diversified farming, but his policies to encourage the patronage of creameries involved greater specialization at the farm level. Herein lay a contradiction that Wilson and many others never recognized.

The period from 1905 to 1920 was one of rapid agricultural expansion and consolidation in Saskatchewan. The number of inquiries concerned with government financial aid to creameries increased from six in 1906 to eighty in 1914. This gave credence to the notion that Saskatchewan farmers were learning to rely less on wheat. The fact that most creamery projects were initiated by merchants or Boards of Trade in the ever increasing number of villages and towns was overlooked. Farmers, more often than not, were interested in a creamery but enthusiasm generated was usually due to the prospects of a processing industry for their trading centre.

The policy of judicious centralization meant that "for the ultimate welfare and success of the dairy industry the erection of creameries must be discouraged where local conditions do not warrant a reasonable hope that a creamery could succeed. . . ."[1] Most creamery proposals could not proceed without government financial assistance, hence Wilson could determine the location of creameries by refusing aid to one trading centre while extending it to another. But such decisions had political implications. Again, the implementation of a policy of centralization implied that private capital was to be discouraged if decisions made regarding the establishment of creameries were inconsistent with the grand design of dairy development. As far as Wilson was concerned, government policy in other areas had to be consistent with his creamery policy. The implications of these aspects of creamery policy are made clear when case studies are made of the creameries established between 1906 and 1917.

Judicious Centralization in Action

The manner in which creamery policy was to be implemented is illustrated by the establishment of a "co-operative" government-managed creamery at Birch Hills in 1908. In 1907, the government received requests for financial aid to establish creameries at Birch Hills and Kinistino, two villages on the same rail line to the southeast of Prince Albert. On 25 March 1908 the *Prince Albert Times* reported that Wilson had decided to extend aid to Birch Hills and stated, "Kinistino struggled hard for the creamery but failed to get it. We will let them have the flour mill if they want it."[2] In his annual report Wilson expressed appreciation for the attitude taken by the Kinistino people by stating:

> It would not be just, however, to permit the opportunity to pass without expressing appreciation for the view taken by the Kinistino farmers and people generally. They have loyally co-operated with us and the Birch Hills people in supporting the creamery at the latter point. No jealousy was shown and they without complaint put forth their efforts to make the creamery a success. . . . I trust the policy of the Kinistino people will be followed elsewhere so that no petty jealousies will stand in the way of progress.[3]

Wilson was aware of the difficulties his policies would encounter and, as will become evident, these difficulties were not usually so easily resolved.

Wilson made use of the fact that the government stood ready to pay express charges on cream shipped to central creameries to discourage premature development. Wilson, while lauding the Kinistino district for its co-operation, also praised two other areas. "Creditable mention is also due the people in the Midale and Carlyle districts," he said. "Both places wanted a creamery, and upon our recommendations decided to postpone the matter for one season and encourage cream shipments to Qu'Appelle creamery. . . ."[4] William Watson, in the 1890s, had advocated such centralization. Now the railway network made it possible and the government subsidy made it economic for the cream shippers involved.

There was nothing in the *Dairymen's Act* (except the general provision that a creamery was not to encroach upon the territory of another) to prevent the establishment of privately-owned creameries. However, Wilson's actions with respect to private creameries at Melfort and Humboldt clearly indicated his fear that private capital would jeopardize his plans for orderly development in the dairy industry.

A privately-operated creamery, managed by G.E. and F.J. Gurney, was established in Melfort in 1907, and operated there until 1909 as the Northern Saskatchewan Creamery Company.[5] There is every indication that the creamery was managed in such a way as to be consistent with the objectives of Wilson's dairy policy. The creamery paid express on cream shipped to it. The managers encouraged winter dairying and arranged to have cream picked up by wagon. The *Melfort Moon* reported that a record amount of butter had been manufactured in May 1909 and that the creamery had 218 patrons. The paper made a point of stating, "All this has been done without a dollar of government assistance and in the face of great difficulties."

When the Gurneys closed their Melfort creamery in autumn 1909 the Melfort Board of Trade, the Melfort Liberal Association, and the district's MLA combined efforts to persuade the government to operate the creamery. Motherwell agreed to do so and wrote:

> You have certainly made a good record during the last two years, but have met with the usual difficulties when a single creamery is operated under private ownership. Starting out with little or no capital, and meeting with all the difficulties associated with securing supplies in less than carload lots and making shipments the same way, you have without particular fault or blame being attached to yourselves, run across the very rock upon which such creameries usually stand.[6]

A new creamery was built in the spring of 1910 and commenced operations on 1 June under government management.

The Melfort example raises a question. If the creamery management was so satisfactory why was it necessary to have government aid at all? In a letter to Wilson, George Gurney wondered ". . . why, after having such a satisfactory season we should have to cease operating. The whole trouble has been want of capital and all our troubles have emanated from this cause."[7] A government loan might have been instrumental in overcoming this difficulty but Wilson would not commit government funds unless he had control. He was fearful that aid to private operators would benefit the operator, not the dairy farmers. More fundamentally, Wilson viewed private creamery operators as potential threats to his long-run objective of establishing a dairy industry in Saskatchewan that would rival the wheat industry in importance.

This interpretation of Wilson's attitude is reinforced by events in the Humboldt area. The Central Creamery at Humboldt was the first privately-owned creamery to be established in the province after 1905. It was opened on 4 June 1906 by O.W. Andreason and Fred Voss.[8] By 1907, the Central Creamery was operating at capacity (two thousand pounds of butter per day). However, Voss left Humboldt in the fall of 1907 and Andreason became not only the sole proprietor of the creamery, but mayor of Humboldt, and a leading figure in Saskatchewan's butter industry.

The Humboldt creamery's success did not go unnoticed by businessmen in neighbouring communities. In 1907 and 1908 inquiries regarding government assistance came from Watson, Englefeld, Wadena, and Quill Lake.[9] This interest reflects the fact that the area was relatively suitable for dairying. But obviously, there was reason to be concerned about a threatened proliferation of creameries.

In Wilson's absence (he had taken leave to attend the Guelph Agricultural College in the winter of 1908 to 1909), Andreason met with Motherwell and W.J. Rutherford, Deputy Minister of Agriculture. At this meeting it was agreed that the government would pay express charges on cream shipped to Humboldt if the government had some measure of supervision over Andreason's operation. Rutherford wrote to Wilson in Ontario, asking him to outline the nature of the supervision that would be necessary and he pointed out, "The object you will see, is to encourage and not to discourage private enterprise."[10]

Wilson was not enthusiastic about the arrangements made with Andreason. He outlined strict conditions regarding government supervision and stated:

> Although I have outlined regulations governing this work I still entertain the hope that the department is not definitely committed to paying those charges, and that I will have an opportunity of discussing the matter fully with you before anything further is done. I fear it will lead to serious complications and I would like to prevent these and have your opinion before the first step is taken.[11]

There is no evidence to suggest that the government paid express on cream shipped to Humboldt.

Meanwhile, creamery associations were organized at both Watson and Englefeld in the spring of 1909. The *Watson Witness* commented, "No doubt there will be competition between Englefeld and Watson... but competition only strengthens business."[12] This attitude was in direct contrast to Wilson's view that such competition would be ruinous to the development of the dairy industry. To compound the government's problems the *Witness* reported, on 19 March 1909, that "Wadena is out after a creamery."[13]

The threatened proliferation of creameries in the Humboldt area and to the east induced Motherwell to hold public meetings at Humboldt and Watson.[14] He attempted to illustrate the advantages of one creamery on a railway line, as opposed to many, but was confronted with the realities of political and social life in rural Saskatchewan. Watson organizers were determined to proceed with a creamery without government support and Motherwell promised that their creamery would not be handicapped by government policy. The Watson creamery was granted incorporation and operated during the summer months in 1909, 1910, and 1911. It was closed on 27 July 1911[15] because cream shipments were inadequate, but was rented to Wolch Brothers, general merchants, in 1912.

The Englefeld creamery was also built without government support but, unlike the organizers at Watson, the Englefeld organizers were refused the right to incorporate. It soon became evident that there was little hope of success at Englefeld and, in autumn 1910, or spring 1911, the creamery was moved to Annaheim where, it was thought, there would be less competition from Watson and Humboldt. The Annaheim group applied for incorporation which Motherwell denied. P.J. Hoffman, an Annaheim businessman, expressed the following views in a letter to Motherwell:

> Thus it appears by your letter, that Mr. Andreason, being informed of what was going on here, has already instructed the proper authorities to oppose this deal.... We knew we would have a strong opposition from Humboldt for which reason, we never asked any Government support, although we are

> 20 miles from the nearest creamery and entitled to the same.... We are determined to not let Mr. Andreason dictate to us where and to whom we must sell our cream.... If we are not granted incorporation, we shall see to it that we can do business otherwise.... Again we ask to consider our request for incorporation — should it not be granted we shall then bring the matter before parties who are too anxious to take it up and see to our rights.[16]

Wilson replied for Motherwell and pointed out that under sections 18 and 27 of the *Dairymen's Act* the Annaheim creamery owners were subject to a penalty of $200.00. He explained that the purpose of the legislation was to "guard against unsanitary conditions... and also to prevent excessive competition while the industry is in its infancy."[17] The Annaheim creamery, operated by Hoffman, continued to produce butter until it was destroyed by fire in 1917.[18]

Because the creamery at Wadena was championed by Liberal MLA H.C. Pierce, Motherwell granted the Wadena creamery promoters incorporation, albeit reluctantly. He wrote, "Your people seem so confident... that we have concluded that we have nothing else to do but to grant you incorporation and give you an opportunity to prove you right in this matter."[19] Perhaps the Englefeld promotors should have exhibited more confidence. Wadena was granted incorporation but the government did not offer to manage the creamery.

When the directors of the Wadena company petitioned the government to manage their creamery in the autumn of 1909, Wilson recommended that the government do so, stating, "With a creamery under control at a point such as Wadena, there would be little difficulty in supplying the farmers with accommodation which is the best means of keeping the work under control."[20] However, to meet the requirements of the *Dairymen's Act* Wilson insisted that a census be taken of the cows in the Wadena district. Errors were made, however, and relations between the Wadena organizers and the dairy branch became increasingly hostile. H.C. Pierce entered the fray and wrote Wilson:

> We have made arrangements with C. Richardson and Co. of St. Marys, Ont. for the machinery as per suggestion in your letter of March 24th and of course will expect the advance of $1200.00 which I believe is the amount for the purchase of this machinery, making up the balance, if any, ourselves. There must be no mis-carriage in this affair. The people here have conceded to your demands in every way postponing the construction for one year, losing the ice they put up in anticipation of there being a creamery last year, and with one exception of being slightly negligent in procuring the signatures on your forms, have fulfilled your demands in every way....[21]

The Wadena organizers opened their creamery in 1910 without government support, although the following year they secured a government loan and Wadena was added to the list of government-operated "co-operative creameries."

Political pressure is also evident in the formation of the Lloydminster and District Creamery Company in 1909. H.C. Lisle, Liberal MLA for Lloydminster, and a strong advocate of mixed farming, that year secured a promise from Motherwell that if the people of Lloydminster built a creamery without the assistance of a government loan, the government would undertake to manage it. Wilson recommended postponement. In fact, Wilson made arrangements with C.P. Marker whereby Saskatchewan cream producers could ship cream to Vermilion, Alberta, with the express charges paid by the Saskatchewan government. Motherwell opposed any such arrangement because "no matter how long that continued we would not be building up an institution of our own."[22] A policy of centralization would seem to be inconsistent with the establishment of a creamery at a point on the boundary line. However, Motherwell argued that a creamery at Lloydminster would serve the territory west to Warman and "... would have the effect of mollifying our Paynton, Lashburn and Marshall friends as well."[23] Wilson wished to keep politics out of such decisions; Motherwell was keenly aware of the political ramifications of creamery policy.

The Lloydminster creamery was managed by the government. In 1910 the directors of the company found that "a sum of at least $3000 is absolutely required, and without which the creamery must necessarily be closed." Motherwell explained that the strong representations on behalf of the creamery had led him to consent to government management but not to a government loan. He indicated that Wilson's approach had been correct and that under the circumstances he could not recommend the granting of a government loan.[24] Mr. Lisle was not to be denied. At the spring session of the Legislature he moved an amendment to the *Dairymen's Act* to have the maximum sum that the government could lend to a creamery company raised from $1200 to $3000.[25] This amendment became law and the Lloydminster creamery survived with the aid of a government loan. Lisle reported to Motherwell:

> I am glad to tell you that the $3000 loan to the Creamery Company had [*sic*] had a very good effect politically. I have advertised the fact pretty largely that I was the proposer of the amendment in the House.... This has much pleased the dairy industry in the North of my Constituency as it will place the creamery in a good position.[26]

The Lloydminster creamery survived and eventually became a branch of the Saskatchewan Co-operative Creamery Company. For a time, cream from Kitscoty, Alberta, was shipped to the Saskatchewan creamery with the express charges paid by the Saskatchewan government. The Edmonton City Dairy Company countered this competition in 1914 by opening a branch in Kitscoty where cream was tested, weighed, and paid for.[27] A provincial policy could do little to counteract inter-provincial competition.

One of the reasons that Wilson had given for the necessity of close government supervision of creamery development was that there was a danger of too many unsanitary and uneconomic creameries in the province. However, the facts indicate that few such creameries would have survived in any case. Wilson's fear was that such failures would discourage farmers from dairying. But when creameries appeared in the most unlikely places the legislation was not used to prevent their establishment — it was left to the market to eliminate them after they had opened.

On 13 February 1911 S.W. Barnes of Tullymet, Saskatchewan, informed Motherwell that a local creamery was nearing completion. He asked for government management of the two-storey creamery which was located several miles from a rail line; he also proposed to establish an ice house at Ituna in order to collect cream received by rail. The government refused to provide assistance, however, because Tullymet was not on a rail line and because Ituna itself was considered a possible creamery site. In a letter to T.G. Morrison of File Hills, who supported Barnes's venture, Motherwell explained:

> Now, I may as well be frank and state... that there is not one chance in a thousand of a creamery succeeding when situated, as is this one, off the line

> of railway and with no telegraphic communication and a long haul for his butter before shipment can be made. If people persist in going into enterprises of this nature, against our repeated advice, we have no assistance to offer, because we know it would only be thrown away.[28]

But Saskatchewan pioneers were persistent and sometimes impetuous. In February, 1911 A. MacKenzie of North Portal asked Wilson for advice. He wrote, "A few farmers around here built a creamery but unfortunately none of them have had any experience in running one."[29] Wilson replied, "Since the creamery has been erected I do not wish to discourage those in charge of the work. . . ."[30] He added that he could see little chance for success, and apparently the creamery failed.

An amendment to the *Dairymen's Act* in 1911 enabled the government to avoid political decisions by setting forth, in legislative form, harsher rules regarding the incorporation of creamery companies. The amendment allowed the Minister of Agriculture to set the proportion of the subscribed stock in a company that was to be paid up before incorporation could be granted. An Order-in-Council dated 24 April 1911 stated that any association applying for incorporation under the *Dairymen's Act* or the *Companies Act* was to be capitalized at not less than $8,000. Seventy-five percent of the $8,000 was to be subscribed and one-third of the $6,000 subscribed was to be paid up in the form of cash or approved promissory notes before incorporation could be granted.[31]

In 1911, attempts were made to organize creamery companies at Melville, Ituna, Punnichy and Quinton, on the Melville to Saskatoon line of the Grand Trunk Pacific. The stricter regulations enabled Wilson to prevent premature organization along this line but, as cream was shipped from Saskatchewan points to Manitoba creameries along it, he did want a creamery, preferably a government creamery.

A general merchant in Ituna had inquired about government assistance to a creamery but lost interest when confronted with the necessity of enumerating the number of cows in the district. Wilson did not. In June 1911 Wilson wrote:

> The farmers living along the G.T.P. line of railway in Saskatchewan have no accommodation for the cream outside of Winnipeg and several towns, including Ituna, have been in correspondence with this branch relative to establishing a creamery. If Ituna is still desirous of having their case considered a new application for incorporation is essential. . . .[32]

A meeting was arranged between Wilson and the Ituna Board of Trade but no progress toward a creamery was made.

Wilson's concern regarding a creamery in Ituna may have been a ploy to prevent the establishment of a privately-operated creamery in Melville. In the winter of 1910 to 1911 the Melville Board of Trade was negotiating with an Ontario man, J.W. Fotheringham, regarding a creamery. So long as the possibility of a government-operated creamery at Ituna existed, Fotheringham was unsure of his prospects in Melville.[33] Indeed he was uncertain if incorporation would be granted. In response to Fotheringham's requests to clear up the matter, Wilson replied, "Ituna information not complete. No decision can be given for Melville or Ituna until full information received."[34] In this atmosphere of uncertainty Fotheringham did not proceed with a creamery.

In 1913, the Melville Board of Trade commenced negotiations with another individual, named Schindler, to build and operate a creamery. Motherwell informed the Melville promoters that

> . . . the fact that Melville is suitably situated from the viewpoint of railway connections and a plant there could be utilized advantageously in connection with our Regina business, I should have been glad to have had the co-operation of the people of Melville and the district adjacent. Since it has been thought advisable to act otherwise and encourage a private party to erect the creamery which offers no advantages to the farmers in the matter of dairy stock and no protection on prices for their cream, I shall now consider the applications of two or three other points on the Grand Trunk Pacific main line and the assistance offered to Melville will be transferred to the point offering the most advantages which includes the payment of express charges on cream shipments from all points on the line.
>
> In fairness to Mr. Schindler I have asked Mr. Wilson to advise him of our course so that he will be faimilar with the conditions under which he invests his money and conducts his business at Melville.[35]

This was a blunt way of suggesting that Melville was to have a government creamery or none at all. A government-operated creamery was established in Melville in 1913. The infant creamery industry was not to be unduly influenced by private enterprise and competition.

From 1912 onwards, the government took a more aggressive role in the establishment of "co-operative" creameries, as indicated by a recommendation by Motherwell in May 1912 that it was time "to appoint a number of men to canvass selected districts for shipments of cream to government-operated creameries."[36] The first man hired to perform such a task was W.A. McCorkell, a retired farmer who had been a staunch supporter of the creamery at Moosomin. Observing McCorkell in the performance of his task a newspaper reporter commented, "He is. . . convinced even to Missionary fervor that intelligent dairying is the road to salvation for the west, from the increasingly ruinous effects of 'grain growing' and is happy in the knowledge that he is doing something to help in this work."[37] McCorkell was further convinced that government-operated creameries were the best instrument whereby the dairy industry could be advanced. At dairy meetings McCorkell left the impression that when the government operated a creamery, "private profits were entirely eliminated, and the whole returns from the product of the Government creameries was paid the farmer less only the costs of operations."[38] Such statements became more inflamatory as the number of privately-owned and privately-operated creameries in Saskatchewan increased.

The Saskatchewan Creamery Company based in Moose Jaw opened a creamery in Weyburn in 1912. In December of that same year the Oxbow community decided to establish a government creamery. The Bow City Creamery, as the Oxbow Creamery was named, opened for business on 9 June 1913.[39] The creamery in Weyburn drew cream from the Oxbow district and advertised in the *Oxbow Herald*. The Bow City Creamery countered with advertisements which read, "Bring or Ship Your Cream to Oxbow Co-operative Creamery (Government Operated and Managed). You Can be Assured of a Fair Test and Honest Treatment."[40] J.A. Caulder and those associated with the Saskatchewan Creamery Company were upset with competition from the government and incensed with advertisements that implied that private creameries did not give fair tests and did not provide honest treatment. Animosity between Caulder and Wilson began to intensify when the Weyburn branch of the Moose Jaw company was forced to close in 1914.

There had been little interest in creameries in the towns and villages west of a line from Saskatoon to Moose Jaw, but in 1913 the dairy branch took positive steps to establish creameries in this section of the province. Kerrobert, Unity, and Wilkie were given top priority as suitable sites for government creameries. Both the Board of Trade in Unity and the Board of Trade in Wilkie expressed interest in a creamery and both turned to the government for financial aid. The only question to be answered was which town would receive the government's blessing.

Before a creamery at either Wilkie or Unity could receive government financial aid, it was necessary to have a sufficient number of dairy cows and to meet the requirements of the *Dairymen's Act* with regard to subscribed and paid-up capital. Both districts had difficulties in meeting the requirements. Section 17 of the *Dairymen's Act* read as follows:

> Any person who wilfully violates a contract to supply milk or cream to any company incorporated under this Act shall be guilty of an offense and liable therefore upon summary conviction before a Justice of the Peace to a penalty not exceeding $25.00 and costs of prosecution.[41]

Wilkie had met the requirements of the act for over four hundred cows. However, the forms used to sign up this number had omitted mention of Section 17. The dairy branch sent out a circular letter quoting this section which also requested farmers already canvassed to indicate whether or not they remained prepared to supply cream from the same number of cows. The dairy branch received replies such as the following:

> I write in answer to your letter as regards the information you have received from the Wilkie Board of Trade... had that clause sec [*sic*] 17 of the Dairymen's Act been on the list I certainly would not have signed such a thing because I would have thought it out of all reason, when I could dispose of my cream without being bound to sell it to one place. I certainly do withdraw my name from the list.[42]

This farmer's complaint was based on the principle of the pledge and must have reflected the attitude of other farmers in many parts of Saskatchewan. But no where else was Section 17 made so obvious to prospective creamery patrons.

The method by which the required amount of paid-up capital was secured by each organization is worth recording because, although Wilson would not accept the practice at this time, he himself was to employ a similar tactic later in his career. The *Dairymen's Act* required that 75 percent of the authorized capital of $8,000 be subscribed, and at least $2,000 of this be made up of cash or approved promissory notes before incorporation could be granted. The promoters of the Wilkie and Unity creameries borrowed from the bank part of the cash requirements on the security of the notes given by those subscribing for stock. As Wilson pointed out to Ernest Atkins, Secretary of the Board of Trade at Wilkie, "This is the procedure our regulations were intended to prevent. The position of the cash to be deposited in the bank must be the result of payments on stock subscriptions and not money borrowed from the Bank."[43] W.A. McCorkell was not aware of the impropriety of such a procedure. R.J. MacDonald, president of the Wilkie Board of Trade, wrote Wilson:

> We are also surprised that the method of raising money at the bank which we adopted, turns out to be 'the very procedure our regulations were intended to prevent'; especially so in view of the fact that we were induced to adopt this method on the advice of an accredited agent of the Dairy

> Department, *who was aware that it was common practice*, and, as far as he was aware, was not the 'procedure the regulations were intended to prevent.'[44] (Author's italics).

Both Unity and Wilkie canvassed thirty to forty miles along the line of railway (Unity was on the Grand Trunk Pacific and Wilkie on the Canadian Pacific) to secure stock subscriptions. Wilson objected to this too, for he informed the organizers that the usual practice was to limit the "registered" territory to about fifteen miles and then, when the creamery was in operation, to bring cream in along the railway from more distant points as long as this did not mean infringing upon the territory of another co-operative creamery.[45] MacDonald did not understand this reasoning, arguing that if it was all right to solicit business from beyond fifteen miles of the creamery after it was built, it was surely legitimate to solicit such business before it was operational. Wilson's tactics were irksome to the Wilkie organizers, and Ernest Laycock, a barrister in Wilkie and apparently a Liberal, wrote Motherwell:

> There is a feeling among some men that because Wilkie's vote in the last election was on the wrong side that the Department might not give Wilkie's application much consideration... and I know that unless the Wilkie application in the matter receives proper consideration the party will suffer in consequence.[46]

The truth of the matter is that the party would "suffer" no matter whether Wilkie or Unity was given the creamery. To give both a creamery would have resulted in difficulties — to give neither a creamery would have courted political disfavour.

In the autumn of 1913 Wilson recommended Unity as the town in which a government creamery should be established. This recommendation was based on McCorkell's observations that "splendid" co-operation existed between Unity townspeople and Unity farmers. However, Wilson considered that the establishment of a creamery in either Wilkie or Unity departed from his creamery policy. He stated:

> Were I to make a recommendation solely upon the information obtained I should not hesitate in advising that the organization at either point be discouraged for the present. There is, however, a strong feeling in the Northwestern section of the province in favour of mixed farming and particularly dairying.... The industry cannot make any progress so long as the market for dairy butter is depended upon.[47]

Government dairy policy was becoming more aggressive and, in the process, less selective.

Kerrobert was on the Canadian Pacific Railway line from Outlook to the Alberta border. In this instance it was W.A. Wilson who approached the Kerrobert Board of Trade regarding a creamery. In a letter to the secretary, A.A. Burrows, Wilson told him that, "... Kerrobert is looked upon as a suitable central location and we are prepared to assist the townspeople and farmers to organize a co-operative creamery company." [48]

Of course, the Board of Trade at Kerrobert was not about to turn down such an offer, and local farmers could see further advantages than just a market for their butter. As a result many subscribed shares to take advantage of the *Livestock Purchase and Sale Act*. The most prominent local organizer was W.B. Sample of Sample Brothers' department store in Kerrobert. The Kerrobert Creamery Association was incorporated on the 19 March 1915. The company required a government loan, and it became evident that the local promoters had quickly lost their initial enthusiasm, as Wilson constantly had to remind them of their obligations to creditors and had to grant the loan without all the legal requirements having been met.[49] However, Kerrobert operated in 1915 and became one of the original branches of the Saskatchewan Co-operative Creameries Company in 1917.

By 1915 there were fifteen government-operated "co-operative" creameries in Saskatchewan with a total butter output of over two million pounds annually. Among these were the three creameries that had been in operation or organized before 1905 — those at Moosomin, Tantallon and Langenburg. Qu'Appelle had been closed in 1912 and Churchbridge had operated independently until 1912. Also included in the list of fifteen were the Dominion Dairy and Produce Company's Regina creamery, and creameries at Melfort, Wadena, Lloydminster, Birch Hills, Shellbrook, Oxbow, Cudworth, Unity, Melville, Kerrobert and Canora. The Shellbrook creamery had been established in 1911, while the Canora creamery had been built by the Canora Board of Trade in 1912, and had begun to manufacture butter in 1913. The Canora Creamery Association was incorporated in 1914 and the creamery leased to the government for a period of six years.

However, by 1915 the butter output from nine privately-operated creameries totalled 1,845,461 pounds. Obviously, government policy had not deterred private capital entirely and the time was fast approaching when conflict between government creameries and private creamery operators was inevitable.

Although the establishment of government-operated "co-operative" creameries dominated provincial government dairy policy in the first decade after the formation of the province, it was by no means the only policy pursued. Indeed, to encourage patronage of creameries, education was necessary. Cream grading and butter grading were introduced. And if the dairy industry was to take its place alongside wheat in Saskatchewan, the quality of dairy herds had to be improved. Finally, the Dominion government did not entirely abandon its concern for the dairy industry after 1905, and an examination of Dominion and provincial policies is necessary.

Government Dairy Policy — Education

Even if homesteaders had experience in dairy farming (and many had not), the arid, treeless prairie dictated new methods and presented new problems. The instability of farm income occasioned by specialized wheat production would have to be alleviated, reasoned Wilson and others of like mind, by providing for pioneers every opportunity to learn the best dairy techniques. Almost every policy formulated by the dairy branch had an educational aspect.

The travelling dairy of the 1890s was revived in 1906, and William Newman was employed by the provincial government as a dairy instructor. Newman journeyed from district to district to demonstrate efficient techniques at some centrally-located farms. The demonstrations took place in the large tent which was part of Newman's equipment. He also carried with him a cream separator, a cream cooler, a butter worker, and other utensils. The objective at first, was to improve the quality of dairy butter produced on the farm.[50] The travelling dairy abandoned the tent in 1908. Wilson made arrangements with the Canadian Northern Railway to have a passenger car outfitted with the necessary demonstration equipment and to have the car moved from point to point, free of charge. In subsequent years, similar arrangements were made with other railway companies. The so-called "Dairy Instruction Car" was used until 1922 when the work was discontinued because "practically all parts of the province served by railways had been covered"[31] and because there were few new areas to be homesteaded.

Agricultural societies existed in practically every rural community in Saskatchewan. Each society held an annual fair at which agricultural products were exhibited and judged as to quality. There were competitions for the biggest and best products and dairy products were included. The dairy branch provided competent judges and prepared a butter score card (see Fig. 3.1) which must have been an education in itself to those who exhibited and competed.

BUTTER SCORE CARD

JUDGE ______________________________

FAIR HELD AT ____________________ ON ____________________ 190__

FLAVOUR, 45	TEXTURE, 25	SALTING, 10	COLOUR, 15	FINISH, 5 TOTAL, 100
SCORE				
Heated	Salvey	Light	Pale	Unevenly packed
Weedy	Brittle	Heavy	Deep	Unevenly wrapped
Sour	Open	Uneven	Marble	Unevenly printed
Bitter	Dry	Not distributed	Uneven	Package unlined
Old Cream	Cloudy	Not distributed	——	Package poorly lined
Rancid	Milky	Not distributed	——	Package spoiled

Note — items checked indicate defects in quality of butter.

CLASS ____________ SECTION ____________ ENTRY NUMBER ____________

Fig. 3.1. Butter Score Card.

Source: Saskatchewan Department of Agriculture for the *Annual Report*, 1907, 191.

In addition, W.A. Wilson and William Newman were available to speak at meetings arranged by the Superintendent of Fairs and Institutes. A new *Agricultural Societies Act*,[52] which came into effect on 1 June 1910, transferred the supervision of agricultural societies from the Superintendent of Fairs and Institutes to the Extension Department of the College of Agriculture at Saskatoon. Thus began a close relationship between the University's College of Agriculture and the dairy branch of the Department of Agriculture.

J.A. McDonald and G.B. Craven were appointed to the dairy branch as "dairy instructors" in 1911. The Deputy Minister of Agriculture explained, "Instead of confining instruction work to creamery managers, two competent young men, Messrs. McDonald and Craven, each of whom had been a creamery manager and is a student of dairy husbandry, were employed throughout the summer [of 1911] as travelling dairy instructors to visit the homes of patrons. . . . Some 536 farm homes were visited."[53] Unlike W.A. McCorkell, who was employed to promote government creameries, Craven and McDonald were employed to perform an educational function. However, educational work was difficult to divorce from promotional activity and more difficult to distinguish from it.

Government Dairy Policy — Dairymen Organize

The dairy associations of 1892 and 1896 had ceased to function shortly after they had been organized. It was not until 1915 that the Saskatchewan Dairymen's Association was formed. From 1910 to 1915 the provincial government convened meetings annually and it was out of this experience that a new association emerged. On 18 May 1910 the Saskatoon *Phoenix* announced:

> That the Department of Agriculture are neglecting no branch of industry under its supervision is shown by the recent decision in arranging for a convention of dairymen of the province to be held in Saskatoon on Thursday [May 20, 1910].
>
> The circular sent out by W.A. Wilson, superintendent, states that he is authorized by the Hon. the Minister of Agriculture to say that the development and extension of the creamery work has become so apparent that he considers it advisable to invite representatives of the various boards of directors whose creameries are under government supervision to meet in convention for the purpose of discussing and deciding upon a general and uniform policy of education and improvement in keeping with the importance of the dairy industry.[54]

The first convention of dairymen to be held after the province was formed was a meeting of representatives of government-operated creameries, rather than a meeting of dairymen in general. The delegates' expenses at the convention were paid by the government.

The meeting referred to by the Saskatoon paper was held in a university classroom in the Drinkle building, with W.A. Wilson in the chair. W.R. Motherwell used the occasion to announce the appointment of L.A. Zufelt as an instructor to assist those associated with the operation of government creameries. No attempt was made to elect an executive from among the delegates and the resolutions passed merely endorsed government policy. A final resolution stated, "That in view of the success of this convention, the delegates from the various creameries under government control, both from the standpoint of education and the strengthening of the hand of the government in the good work they are doing in the developing of the important industry of dairying, it is the opinion of this meeting that it would be in the interests of all concerned if the holding of their convention were made an annual affair."[55]

The second convention of Saskatchewan "dairymen" was held in Regina from 31 January to 3 February 1911 with G.C.D. Edmunds of Qu'Appelle in the chair. Resolutions passed at this convention supported established government policy and policies that W.A. Wilson wished to see implemented. The government was asked to establish a system of cold storages in the province, and each delegate was instructed to encourage winter dairying in his district and to support the establishment of cow testing associations. It was resolved that "... a system of grading cream and butter be introduced into this province along similar lines now in vogue in Alberta." The delegates requested that dairy bulletins be published in several languages and that each patron of a government creamery be requested to supply the names of neighbours who were not patrons of government creameries but who "should be." It is worth noting that O.W. Andreason, the private creamery operator at Humboldt, had his expenses paid to the 1911 convention.[56] This indicates that negotiations were taking place between Andreason and Motherwell in the spring of 1911 regarding the proliferation of creameries in the Humboldt area.

At the 1912 convention, G.C.D. Edmunds moved "that it is desirable to organize a dairymen's association for the province of Saskatchewan to forward the dairy industry and to improve dairy stock."[57] Although this motion was approved, it was not until 1913 that concrete steps were taken to implement its intent. At the 1913 convention, Wilson announced that the government stood ready to assist the organization of a dairymen's association, and suggested that a president, vice-president, and a board of directors be elected to take the necessary organizational steps including the preparation of a constitution. W.A. McCorkell was elected president and George Harris of Paynton was elected vice-president. W.A. Wilson was made secretary. The newly-elected board was to prepare a constitution for ratification at the 1914 convention,[58] but this it failed to do, and the adoption of a constitution was deferred until 1915.

The constitution adopted by the dairymen's convention held in Saskatoon on 13 and 14 January 1915 formalized an organization to be known as the Saskatchewan Dairymen's Association, whose objective was the advancement of the Saskatchewan dairy industry. The new organization was to co-operate with dairymen, creamerymen, the Department of Agriculture, and the College of Agriculture to promote this end. The new constitution stated that "The membership shall consist of duly appointed delegates from registered creamery companies and sub-associations paying the annual association fee." The fee for each creamery company was to be not less than ten dollars nor more than fifteen dollars. A sub-association was any association of ten or more dairymen in any district organized for the purpose of promoting the dairy industry. Each creamery company was entitled to three delegates and each sub-association to one delegate. Only official delegates were entitled to vote.[59] However, how a sub-association was to be formed and how it was to receive official recognition was left undefined and, as a result, voting membership in the Saskatchewan Dairymen's Association was limited to delegates from creamery companies.

The adoption of a constitution by the 1915 convention of dairymen was consistent with an attempt by the government to become less prominent in directing the fortunes of the dairy industry. W.A. Wilson resigned as the association's secretary and was replaced by K.G. MacKay, Assistant Professor of Dairying at the College of Agriculture.[60] W.A. McCorkell however, was elected president. For the first time since the province's formation, the dairymen had an organization, with a constitution, which could exist independently from the government. Thus, the 1915 convention can be referred to as the first annual convention of the Saskatchewan Dairymen's Association.

Government Dairy Policy — Winter Dairy Production

The ultimate goal of Wilson's creamery policy was to establish butter as an export staple. The seasonality of butter production in Saskatchewan was a barrier to the attainment of such a goal. Thus, in every annual report, at every convention, at institute meetings, and at the meetings held by dairy instructors, government officials emphasized the advantages and minimized the difficulties of winter dairying. In response to higher prices for cream in the winter months, and to the fact the government stood ready to operate creameries throughout the year, winter output at government creameries gradually increased. However, as Table 3.1 illustrates, butter production in Saskatchewan remained essentially seasonal.

TABLE 3.1
NUMBER OF PATRONS AND POUNDS OF BUTTER MANUFACTURED
AT GOVERNMENT CREAMERIES, SUMMER AND WINTER SEASONS, 1907-1916

SUMMER SEASON

Year	Number of Patrons	Pounds Butter Manufactured	Average Make of Butter Per Creamery
1907	213	66,246	16,562
1908	553	220,282	44,056
1909	876	324,404	54,067
1910	1,166	462,221	66,032
1911	1,596	703,583	87,948
1912	1,755	649,958	72,218
1913	2,681	850,525	77,321
1914	3,625	1,161,230	89,325
1915	5,979	1,742,065	116,138
1916	7,205	2,040,097	120,006

WINTER SEASON

Year	Number of Patrons	Pounds Butter Manufactured	Average Make of Butter Per Creamery
1907-1908	113	21,558	21,558
1908-1909	182	31,267	10,422
1909-1910	358	45,599	11,399
1910-1911	456	64,635	16,158
1911-1912	762	87,357	9,706
1912-1913	1,132	112,344	14,043
1913-1914	1,677	237,500	29,687
1914-1915	2,088	270,336	24,576
1915-1916	3,897	497,964	33,198

Source: Saskatchewan, *Annual Report of the Dairy Commissioner*, 1917, 9 and 10.

Government Dairy Policy — Cow Testing

It was difficult to persuade Saskatchewan farmers to milk cows in the winter months. It was just as difficult to persuade them of the advantages to be gained in keeping a careful record of the productive capacity of the individual cows in their dairy herds. Both the Dominion government and the Saskatchewan government followed policies to encourage cow testing, and government efforts were supplemented by the efforts of breeders' associations, particularly the Holstein-Friesian Association, the Ayrshire Association, and the Jersey Association.

Two separate schemes for testing the productivity of individual dairy cows developed in Canada. The first applied to the testing and selection of good dairy type "grade" cattle; the second to the specialized breeding of purebred dairy cattle from proven sires and dams. For non-specialists and for pioneer farmers the selection and retention of cows with satisfactory production records was an alternative to the purchase of purebred dairy cattle. The average pioneer did not have the money to buy purebred dairy cattle, nor the knowledge to profit from their acquisition.

The Dominion government became involved with the testing of grade cattle in 1904. The *Report of the Minister of Agriculture for Canada, 1904* stated:

> A 'cow census' so-called, is being conducted in the counties of Shefford, Brome and Missisquoi, with Cowansville as a centre. 72 farmers agreed to take a sample of each cow's milk morning and evening, in three days every month, at the same time weighing the total yield of these 6 milkings. A box containing as many sample bottles as there are cows in the herd is sent to the farm, and when the samples for the month are taken, it is returned to the government cheese curing room at Cowansville, where the samples are tested.[61]

When the samples were tested, record sheets were forwarded to the federal dairy branch where calculations of monthly production were made and the results returned to farmers. The above mentioned centres were all in Québec.

This plan relied upon the continued interest of individual farmers, which was not readily sustained. Accordingly, in 1906, sixteen cow-testing associations were formed, three in Ontario and thirteen in Québec. The federal government provided the necessary equipment and an official who regularly met with the farmers to supervise, advise and encourage them.[62] This policy was in effect between 1906 and 1918 and was extended to Saskatchewan in 1914.

On 26 February 1914 the *Lloydminster Times* reported that B.M. Sorenson had been "appointed to the very important position affecting this district, that of Inspector of Dairy Performance records for Lloydminster." The *Times* also stated:

> The appointing of such officers is common in the east, but this is the first time such an appointment has been made in Western Canada and is not only a tribute to Mr. Sorenson's ability as a dairy expert, but also to the district which is deemed of sufficient importance by the Dominion Authorities to warrant retaining of his services.[63]

Sorenson immediately took the initiative to organize a cow-testing association, but before the summer of 1914 he had enlisted in the army. His duties were assumed by C.E. Thomas, a local farmer who was a breeder of purebred Ayrshire cattle.[64] This was the beginning of Thomas's long career as an enthusiastic promoter of cow-testing in Saskatchewan.

The first Saskatchewan cow-testing association had no ties with the federal government. Organized by the farmers of the Qu'Appelle district at a meeting held on 23 February 1907, the meeting was probably supported by W.A. Wilson, as the Department of Agriculture was to supply the necessary equipment and forms and to do the testing for butterfat content once a month.[65] However, the cow-testing association at Qu'Appelle failed and Wilson reported that "... the idea of forming cow-testing associations at the various creameries has been abandoned, and a general standing offer to assist individuals has been substituted. I do not think it a wise policy to persist in endeavouring by argument to persuade unwilling farmers to commence testing their cows...."[66] Wilson realized that, in this instance, the degree of specialization within the farm unit was not advanced sufficiently to warrant widespread adoption of a practice that required such an outlay of a farmer's time and attention as did cow-testing. At the same time, Wilson urged diversification, apparently without recognizing the inconsistency that existed in his appeals to farmers.

The dairy branch continued to compile the results of cow-testing for individuals who patronized government creameries, with the co-operation of creamery managers, who were prevailed upon to test milk samples for butterfat content. A "butterfat competition" was inaugurated in the spring of 1911 to encourage farmers to test. Eight silver medals were provided by the dairy branch to be awarded to creamery patrons who supplied the greatest number of pounds of butterfat per cow in their herd. To be eligible for a medal, each entrant was to have at least five cows from which he supplied cream to the creamery. Entries were to be made prior to 1 May in any year and cream from the herd was to be supplied for at least five of the six months prior to 31 October.[67] Government creamery patrons were provided with a service not available to the patrons of privately-operated creameries.

Although government assistance with regard to cow-testing was not extended to private creamery companies, the owners of the Moose Jaw Dairy Company began to test the productive performance of the cows in its herd on their own initiative. *The Farmer's Advocate* reported:

> The herd bull [of the Moose Jaw Dairy Company] is Holstein and comes from a noted milking family. The intention is to use this bull on all the herd, and by selecting the heifer calves from the best milking cows increase the average production of the herd. To this end each cow's milk is weighed daily, a record kept, samples tested at regular intervals so that at the end of the year the owners know exactly what each cow has done and what might be expected of the progeny in milk production.[68]

Thus, the Moose Jaw Dairy Company was embarked upon specialized dairy production. When a farmer's dairy business was merely one aspect of "diversified" farming, he often as not could not be induced to continue testing with government assistance.

Among the resolutions passed at the annual convention of the Saskatchewan Dairymen's Association in Saskatoon, 10 and 11 January 1917, was one which stated that, "We, the Saskatchewan Dairymen's Association in convention assembled, request the Dominion and Provincial Governments to give such assistance necessary for the general extension of the work of cow testing."[69] F.M. Logan, assistant dairy commissioner, Regina, responded by stating that the Dairy Branch, "in the future, as in the past, was desirous of assisting in the furtherance of the work."[70] This meant that co-operative creameries would continue to test milk samples free of charge and that the Department of Agriculture would pay creamery managers for the extra work involved. Farmers needed only to acquire a supply of sample bottles and weigh the milk. The Dominion government responded by co-operating with C.E. Thomas, initiator of the dairy convention's resolution,[71] in the organization of cow-testing centres at Wadena and Melfort.

The expansion of cow-testing through dairy record centres took place all across Canada, to such an extent that the Dominion authorities began to question the programme's cost. In 1917, thirty-five dairy record centres tested 29,240 cows in 3,421 herds; that same year a new federal policy was announced. Record centres were discontinued, and buttermakers and cheesemakers were enlisted to test milk for butterfat content at a rate of ten cents a test, to be paid by the federal government. It was now necessary for farmers to weigh and sample each cow's milk on three days of every month and to deliver the samples for testing.[72] Each province was now to have a man to supervise cow-testing and C.E. Thomas received the appointment for Saskatchewan.[73]

In his new position, Thomas was to supervise the entire province's cow testing programme. In April 1918 he made an extended tour throughout northern Saskatchewan to promote cow-testing. He succeeded in organizing cow-testing associations at eight of the points he visited, and he reported that the interest in the work was "astonishing."[74] In 1918, the Saskatchewan Dairymen's Association began its active support of cow-testing by arranging a competition, known as the Greater Average Production Competition, which was open to anyone who had cows under test. The competition was conducted by the dairy branch in co-operation with the Association. Cash prizes were offered for the highest average butterfat production in herds of five or more cows. The first winner of the competition was J.C. Pollard, of Grenfell, with an average butterfat production of 227.3 pounds.[75] In the spring of 1921, W.H. Herman, editor of the *Saskatoon Daily Star*, offered an additional donation to the prizes already offered by the Association, and the "Saskatoon Star" trophy was added to the cash prizes to be won. At the same time, the value of the cash awards was lowered and extended to include the top nine contestants rather than the top five.[76]

The Dominion government divorced itself from the "grade" cow-testing programme in 1920 and offered to turn the programme over to any province that was prepared to undertake it.[77] Figures released by Dominion officials at the time revealed that Saskatchewan dairy herds were among the lowest producers in Canada.[78] As a result, the province of Saskatchewan was one of the first to take up the challenge and to accept the transfer of this type of cow-testing work. That there was ample room for expansion was attested to by figures that showed 61 herds and 556 milch cows under test out of an estimated 420,000 milch cows in Saskatchewan.[79] C.E. Thomas was appointed to take charge of the cow-testing now to be done under provincial government auspices. In spring 1922, R.B. Vogen was appointed to the staff of the dairy branch as a Dairy Promoter, with duties similar to Thomas's.

Testing the performance of "grade" cattle was one thing; testing those of purebred dairy cattle was another. C.E. Thomas was not the only breeder of purebred cattle in Saskatchewan. At about the same time as Thomas was building up his herd of Ayrshires, another Saskatchewan farmer, B.H. Thomson, of Boharm, was specializing in purebred Holsteins. B.H. Thomson and his brother, R.G. Thomson, were the sons of R.H. Thomson, who had been associated with the Dairymen's Association of the Northwest Territories in the 1890s. The brothers acquired their father's farm and had started to build a herd of Holstein-Friesian cattle in 1910. R.G. Thomson eventually sold his share in the farm to become western editor of the *Farmer's Advocate*, while B.H. Thomson became the West's premier Holstein breeder.[80]

In 1912, Thomson's herd was recorded as being under test through the Dominion government's plan for dairy cows. A report of a speech to the Saskatchewan Dairymen's convention held on 7 and 8 February 1913 by G.H. Barr of the Department of Agriculture, Ottawa stated, "that in looking over the data in his office he found that there was only one herd in Saskatchewan under his department and this was the herd of B.H. Thomson, Boharm, where the average for the herd was over 8,000 pounds of milk per cow per year. This, said Mr. Barr, was a splendid record but when it was noted that this herd contained only two cows over three years old it showed a record that was matched by few herds in Canada."[81]

Because Thomson's herd was composed of registered purebreds he was able, and it was to his advantage to do so, to enrol his cows under the Record of Performance testing carried out by the Dominion government, and under the Record of Merit testing conducted by the Canadian Holstein-Friesian Association through the facilities of agricultural colleges.

The Record of Merit (ROM) was inaugurated by the Holstein-Friesian Association of Canada in 1901. It was a test of the milk and butterfat production of purebred Holstein cows over a seven-day period or a thirty-day period and was designed to provide facts to overcome low public regard for the quality of milk produced by this breed. The test was conducted by or under the supervision of Agricultural Colleges or Experimental Stations in Canada. To be eligible for the Record of Merit test, a dairy cow was to be registered in the Herd Book of the Holstein-Friesian Association of Canada. The animals were divided into age groups with standards set for each group. In order to be recorded, a two-year-old was required to produce eight pounds of butterfat in a seven-day test, a three-year-old ten pounds, a four-year-old eleven and one-half pounds, and a mature cow thirteen pounds. Later, this classification was broadened and butterfat production standards increased. The applicant for the test was to pay the expenses of an impartial official sent by an agricultural college or an experimental station to conduct the test. This test became an unquestioned record of a cow's productive capacity. Bulls who sired four or more daughters who became eligible for the Record of Merit were automatically recorded also. These tests were also referred to as Advanced Registry Official and were considered to be official tests in contrast to semi-official or Record of Performance tests.[82]

In his annual report for 1907 to 1908, Sydney Fisher, Minister of Agriculture for the Dominion, stated, "With a view to encouraging breeders of purebred dairy cattle to give greater heed to the increasing and improving of milk production of their herds, I undertook early in 1906, to officially supervise the yearly testing of purebred herds. The breed associations co-operating in this work agree as to regulations imposed by the livestock commissioner, and to publish as an appendix to their respective herd books the records of cows that reach the standard for registration in the record of performance. The standard for registration varies with the different breeds according to the wishes of the associations respectively. All other rules and regulations are drawn up by the livestock commissioner, and are uniform for all breeds."[83] The original rules and regulations for all breeds stated that all tests were to be for a period of 365 days and that all animals entered be registered in the Canadian Herd Book for the breed to which they belonged.[84]

In 1919, a 305-day test was introduced. However, it did not replace the 365-day test. *The Annual Report of the Department of Agriculture*, Ottawa, for 1920 stated, "During the past year the most important development in connection with the Record of Performance, was the passing of resolutions at the annual meetings of the Ayrshire and Holstein-Friesian Associations that 'a 305-day test with a calving requirement of 400 days, be added to the Record of Performance and that the calving requirement in the 365-day test be eliminated.' These resolutions have been forwarded to the Livestock Commissioner for ratification. The 305-day test should prove of great advantage to those who wish to have their cows freshen regularly each year, whereas the 365-day open test will give the exceptionally high producing cows every opportunity to make maximum records. The standards for qualification in the 365-day test will be considerably higher than for the 305-day test, e.g., for the 305-day test 10,500 pounds of milk and 357 pounds of butterfat and for the 365-day test 12,000 pounds of milk and 408 pounds of butterfat."[85]

Thomson was one of the few breeders in Saskatchewan to make use of Record of Merit and Record of Performance testing. W.A. Clemons, secretary of the Holstein-Friesian Association of Canada, paid tribute to Thomson's pioneering efforts in 1915, and incidentally referred to the difficulties faced by western pioneers in their attempts to secure good dairy cattle. Clemons wrote:

> A few years ago dairying was undertaken by a good many prairie farmers who were not judges of value in cows, and unfortunately advantage was taken of their lack of knowledge. Hundreds of cows, both pure-bred and grade, many of them the scum of Eastern herds — non-breeders, aborters, tuberculosis sufferers — were shipped West by unscrupulous dealers and palmed off as high class dairy cattle. Bitter complaints regarding this sort of stock are heard all through Western Canada, and I believe the prejudice thus aroused against dairy cattle will have to be overcome largely by means of the official and semi-official test of pure-bred herds.
>
> In Saskatchewan, Record of Merit work had been confined to the herd of B.H. Thomson of Boharm. Seventeen of his cows have qualified for admission, some of them making the highest records for age yet reported from the prairie provinces. . . .
>
> In the Record of Performance work on yearly records Mr. Thomson has also been the leader in his province. Nine of his cows have qualified, all with excellent records. . . .[86]

The Canadian Pacific Railway, finance companies, and grain handling corporations were often accused of exploiting the western pioneers' weak economic position. They were also vulnerable to exploitation by others, including farmers in eastern Canada. It should be noted that Clemons was referring to Holstein-Friesian cattle exclusively.

Government Dairy Policy — The Purchase and Sale of Dairy Cattle and "Better Bull" Policies

The Livestock Purchase and Sale Act of 1913 authorized the Saskatchewan government to purchase livestock for resale to farmers on a cash or credit basis. Officials of the livestock branch used their expertise to make purchases in eastern Canada and accompanied the cattle on the trip west — a trip that took up to eight days. All cattle so purchased were tested for tuberculosis. Many prospective sellers dropped out of the market rather than risk the results of the test. This reduced the supply of cattle, and P.E. Bredt of the livestock branch estimated that prices were therefore higher by five dollars per head. The test caused embarrassment as well:

> There were usually quite a few interested people gathered around the barn where the cattle were gathered for testing about the time the veterinarian took the last temperatures and pronounced the cattle healthy or diseased as the case might be, and it can be readily understood that the men who were placed in the awkward position of having to take back a cow instead of a cheque, thereby advertising to their neighbours the possession of a tuberculosis animal, made strenuous objection and caused trouble and annoyance.[87]

Inadvertently, a policy laid down by the government of Saskatchewan assisted the Dominion government's efforts to rid dairy cattle of bovine tuberculosis.

The provincial government was not alone in adopting policies to advance the livestock industry. In the spring of 1913, the federal government began to loan purebred sires to associations of farmers in newly settled districts.[88] In order to take advantage of this policy, each district's farmers were required to organize a local association which was to assume responsibility for any animal acquired. A membership fee of one dollar was to be collected to cover incidental expenses, such as veterinary services. All male progeny of the purebred animals that were "grade" cattle because the female was "grade" were to be castrated. The *Farmer's Advocate* reported that federal officials were hard pressed to supply the demand for sires on the prairies.[89] The greatest demand was for Shorthorns, with Holsteins running a distant second. The federal government's "bull loaning policy" was modified in 1925, abandoned in 1927, and reinstated in 1930.

Efforts to improve western livestock quality were not confined to government activity. Railways in the Canadian west, particularly the Canadian Pacific Railway, were looked upon as monopolies impeding the prosperity of the wheat grower. Their role with regard to the dairy industry was viewed differently because officials of the railway used the same logic as newspaper editors and politicians. The Canadian Pacific was built in anticipation of prairie settlement and to encourage diversified or mixed farming, it was reasoned, was to encourage settlement. In addition to providing transportation at reduced or no cost for dairy demonstrations, the Canadian Pacific Railway Company had entered livestock markets at Calgary and Winnipeg to buy heifers suitable for dairy purposes for resale to farmers.[90] In addition, the Canadian Pacific established the Strathmore Farm near Calgary with the objective of providing quality Holsteins for the prairie farmer. The foundation herd for Strathmore was established in 1910 and numbered over six hundred head by the 1920s. The purebred cattle were exhibited at fairs throughout western Canada and were offered for sale periodically at auctions in prairie cities. The Strathmore herd was not dispersed until 1943.[91]

Government Dairy Policy — Cream and Butter Grading

Creamery purchases of cream on the basis of butterfat content did not take into account the quality of the cream — whether it was fresh, sour, stale, bitter or musty. Both Alberta's C.P. Marker and Saskatchewan's W.A. Wilson knew that high quality butter required high quality cream, but both also recognized that farmers would patronize a creamery only if returns were high and this required volume production. Thus, there was a conflict between quantity and quality, and this conflict dictated that cream grading be introduced gradually and with a great deal of educational work.

C.P. Marker first proposed paying for cream on a quality basis at a meeting of Alberta dairymen held at Red Deer on 5 and 6 January 1910. This meeting endorsed his proposal and, at a meeting of creamery operators held at Innisfail in April of the same year, it was announced that cream would be paid for on the basis of grades in Alberta. There was no compulsion — the price incentive was the means to higher quality cream.[92]

With Alberta leading the way, W.A. Wilson began a campaign for the introduction of cream grading in Saskatchewan. C.P. Marker was invited to speak on the subject to the second annual convention of Saskatchewan dairymen held in January 1911. Marker told the Saskatchewan dairymen:

> In defining the grades of cream we must be guided by local conditions and in the beginning at least make the grades so few, broad and clear that all patròns will readily understand what they mean. We must make the transition as easy as possible.
>
> The following, it is considered, will be sufficient for present requirements:
>
> First Grade — Cream, preferably sweet, from which first class butter can be made by a competent buttermaker. Flavour to be clean and fresh, consistency smooth and even.
>
> Second Grade — Cream, sour or sweet, which is slightly stale or old, or bitter, in flavour but of smooth and even consistency.
>
> Cream which is lumpy, not clean, very stale or old, bitter or musty in flavour should not be accepted.[93]

Marker also outlined some of the difficulties of fair grading. If the individuality of a farmer's cream was maintained until it was delivered to the creamery, few problems arose, although the more distant patron was at a disadvantage. If, however, cream was collected by a "collector" and an individual's cream poured into a large collecting can it became encumbent upon the collector to take samples and preserve the quality of these samples until they could be examined. Marker recommended the use of burlap soaked in water to preserve cream samples. Farmers placed at a disadvantage geographically would have to overcome difficulties by putting forth more effort.[94]

By having Marker speak to the dairymen, Wilson was attempting to prepare Saskatchewan farmers and creamery men for a system of cream grading. When J.A. McDonald and G.B. Craven were hired as dairy instructors in 1911, it was made clear that one of their duties was to discuss and explain the justice of a cream grading system whereby cream would be paid for on the basis of quality at the creamery.[95] Wilson also prepared the way for grading by attending the annual meetings of the directors and patrons of the government-operated creameries. At each meeting he attended, he was able to secure the passage of a resolution which gave approval to the principle of cream grading. The convention of Saskatchewan dairymen held in February 1911 had already voted in favour of paying for cream on the basis of quality. A conference of creamery managers held in Regina on 27 December 1911 decided upon the grade standards to be introduced.[96]

At the dairy convention held in February 1912 Wilson was prepared to introduce cream grading on a voluntary basis. He outlined standards for grades almost identical to those in vogue in Alberta.[97] Each patron's cream was to be held in a special sample bottle and kept cool until examined at a temperature of from ninety-five to one hundred degrees Fahrenheit. The farmer would be paid a premium of two cents per pound of butterfat for first grade cream. In 1914 a new grade, Extra Number One, was introduced with an advance price of three cents over number one and thus of five cents over number two cream.

By 1914, cream grading had been adopted across the prairies. It was not compulsory and relied upon a price incentive to improve quality. Saskatchewan had certain advantages over both Alberta and Manitoba in making such a scheme effective. Private creameries were few in Saskatchewan. The "cooperative" creameries were directly under Wilson. In contrast, Manitoba creameries were entirely privately-owned and, therefore, the difficulties associated with a non-compulsory system of cream grading manifested themselves most openly in that province. Creamery men would look first to the quantity of cream they could secure in competition with other creameries.[98] To attract cream deliveries, higher grades were given than were warranted by the quality of the cream delivered. This problem became more acute in Saskatchewan as the number of privately-owned and co-operative creameries increased and as the cream-buying station became more widespread. Inter-provincial competition for cream made it necessary that any plan involving rigid adherence to set standards be adopted by all three prairie provinces.

From a Dominion Dairy Conference, held in Ottawa in November 1918, emerged the National Dairy Council of Canada and standards for cream grading which, it was hoped, would be adopted across Canada. By June 1919 most of the creameries in Saskatchewan had adopted these Dominion-wide standards. One of the advantages of the new standards was that they definitely specified what level of acidity was allowed in the different grades of cream. This eliminated what, formerly, were grounds for contention between creamery patrons and the cream grader.[99]

On 1 May 1920 a Saskatchewan Order-in-Council was passed that set grade standards for cream in the province. Table cream was to be sweet, clean-flavoured cream bought for re-sale for household use. The acidity of this cream was not to exceed .18 percent at the time of grading. Cream for buttermaking was classified as special grade, first grade, or second grade. Special grade cream was to be clean and fresh in flavour, of a uniform consistency, and was to have an acidity not more than .3 percent. First grade cream was to be reasonably fresh and clean and fit for making into butter without the use of acid neutralizing agents. Its acidity was not to exceed .5 percent. Second grade cream was that which was bitter, stale, musty, metallic or otherwise marred in flavour.[100] These regulations were never published and the Order-in-Council fixing these standards was cancelled in 1923 when compulsory cream grading was finally introduced into Saskatchewan.

Cream was the raw material out of which butter was made, and it was butter that found its way into interprovincial and international trade. Therefore, butter grading, unlike cream grading, was both a provincial and federal responsibility. The Dominion government concerned itself with butter that was to be exported by creating, in 1900, the position of Official Referee of Butter and Cheese at Montreal. The conditions under which this Official Referee was called upon to judge the quality of butter were such as to lead to bitter complaints and the position was abolished after 1909.[101] In 1917 and 1918, due to wartime conditions, butter was again graded by federal officials but it was not until 1923 that *The Dairy Produce Act*[102] enabled the federal government to set standards on dairy products intended for export.

Up until 1923 the Dominion government's policy on butter grading had left a vacuum to be filled, if they so desired, by the provincial governments. Once again, Alberta's C.P. Marker was a leader followed closely by Saskatchewan's W.A. Wilson. Marker told the convention of Saskatchewan dairymen in 1911:

> When the government undertook the supervision and management of a number of co-operative creameries in Alberta, it also undertook to find markets for their butter output. The marketing has been conducted so far as possible upon a quality basis. A quality trade has been secured. During the

> past four years the butter output of the government creameries handled through the cold storage at Calgary has been systematically inspected and scored for quality. A system of uniformly marketing the packages put up at each creamery makes it possible to identify each churning and secure representative packages for inspection and scoring.[103]

The creameries were not paid according to the grading but the grading system was used to divide the butter into groups for the purpose of marketing.

At a meeting of buttermakers, dairy experts, secretaries of creamery associations, and others held from 19 to 22 April 1910 in Innisfail, Marker acquired approval for a decision to pay the creameries on the basis of quality. In 1911, when the Alberta government ceased to manage creameries, it continued to market butter for the creamery associations that had been under its direction and extended this service, including grading, to all creameries in the province.

In Saskatchewan, butter "scoring" began in 1911. A "Creamery Managers' Competition" was conducted, with prize money provided by the Canada Salt Company. Two prizes of twenty-five dollars were offered for the best average score of butter for creameries in the north and south portions of the province. One brick of butter was taken from each churning at each government-operated creamery and kept in storage at the creamery until the close of the season. On the basis of these samples, each creamery was scored as to the quality of its butter. P. Rasmussen, Shellbrook, won the award among northern creameries in 1911, and T.W. Cogland, Langenburg, won in the south.[104] This was the beginning of a competition that lasted, in one form or another, for many years and was the forerunner of butter grading in Saskatchewan.

Official grading for commercial purposes did not begin in Saskatchewan until 1914 and it then applied only to the butter output of "co-operative" creameries. H.J. Crowe was named the official grader. A plan for duplicate examination was used. A fourteen-pound box of butter was extracted from each churning of butter and sent by first express to Regina where it was immediately graded. When the full shipment from which the fourteen-pound sample had been taken arrived in Regina it, too, was graded and the result compared to the grade given the sample.[105] This system of duplicate grading enabled the dairy branch to inform buttermakers of any defects quickly. Official grade certificates (see Fig. 3.2) were issued after the total churning was graded and these enabled Wilson to send first grade butter to markets where second grade was less acceptable.

PROVINCE OF SASKATCHEWAN
Department of Agriculture
DAIRY BRANCH

Date of Grading ....

Grade Certificate For Creamery Butter

I hereby certify that I have this day graded .... **boxes of butter from**
Creamery .... **as follows:**
(Letter)

.... **Packages 1st Grade Creamery.**

.... **Packages 2nd Grade Creamery.**

.... **Packages 3rd Grade Creamery.**

				Weights	
Perfect Score, 100	1st grade 92 to 100 points	2nd grade 82 and under 92 points	3rd grade under 84 points	As marked on boxes lbs.	As checked lbs. oz.
Flavour 45					
Body, moisture and texture 25					
Colour..........15					
Salting..........10					
Finish 5					
Total points allotted........100					

	1st grade	2nd grade	3rd grade
Churning No			
Churning date			

Remarks:

....

Government Grader

Fig. 3.2. Official Butter Grade Certificate.

Source: Saskatchewan, Department of Agriculture, *Annual Report of the Superintendent of Dairying*, 1914, 18.

In 1915, official grading was carried out at cold storage facilities in Regina and Saskatoon. At first Crowe commuted by train but, because this proved to be unsatisfactory, K.G. MacKay of the College of Agriculture was employed as the butter grader in Saskatoon.[106] After the first year of grading butter, the government decided to extend the service to all creameries in the province.

In 1918, Saskatchewan dairy officials recognized the value of using pasteurized cream in the manufacture of butter by issuing two different grade certificates. One was headed "Grade Certificate on UNPASTEURIZED CREAMERY BUTTER" and contained the footnote "TO PURCHASER — Experiments have proven pasteurization improves the keeping qualities of butter. As this butter has not been pasteurized we do not recommend it for storage purposes."[107]

By 1919, the government's butter grading service was offered free to all creameries in the province. After June 1919 grade certificates were no longer issued for butter manufactured from unpasteurized cream and the Storch test was employed to determine if unpasteurized cream had been used. In addition, moisture tests were made on each butter sample submitted for grading, and grade certificates were not issued if a churning was found to contain more than the legal limit of 16 percent moisture. Salt tests were often made to assist creamery men to produce a desirable product. Butter grading did have an educational function and, by 1919, the official grade certificate had achieved a commercial value in itself. Butter made from unpasteurized cream was more difficult to market, not because the raw material had not been pasteurized, but because it was unaccompanied by an official grade certificate.[108]

Government Dairy Policy — Cream Buying Stations

Cream buying stations were places where milk or cream was weighed, graded, tested, and then shipped to another establishment to be manufactured into butter. The idea of cream "collecting" stations was as old as William Watson's proposals for large centralized creameries. The cream buying station was more than a collecting station because it involved the grading and purchase of a farm product. The practice had grown up in the western United States and usually involved local merchants soliciting the creamery company for the business, or vice versa. It was to the local merchant's advantage to buy cream for a creamery for two reasons — he could avoid trading in dairy butter and he could attract the business of those in the farm community with cream for sale. It was an advantage to a creamery company, for it enlarged the volume of butter output at a central creamery with little or no extra capital investment.

By 1915, six creamery companies had established a total of seventy-seven cream buying stations in Saskatchewan, and one buying station bought cream on an independent basis. Manitoba-based companies had forty-five of the seventy-eight stations operating in 1915. The Crescent Creamery Company, with head offices in Winnipeg and with a creamery in Yorkton, had twenty-eight, the Brandon Creamery and Supply Company had ten, and Brandon's Wheat City Creamery Company had seven. Of the Saskatchewan-based companies, Moose Jaw's Saskatchewan Creamery Company had fourteen, the Saskatoon Pure Milk Company six, and the Farmers' Dairy Company, Moose Jaw, two.[109] None of the government-operated creameries, as a matter of policy, used the cream buying stations to collect cream until 1916.[110] The fact that Wilson was reluctant to use buying stations gave the private creamery operators at least one competitive advantage with regard to tapping the cream supply of areas distant from established creameries.

The cream buying station was a threat to the development of the creamery industry in Saskatchewan. As more and more buying stations were established, the available cream supply was divided and the advantages of increased volume at central creameries dispersed in the competitive struggle. More serious was the drain of Saskatchewan cream to Manitoba creameries, and even yet more problematic was the general neglect of quality that was associated with the cream buying station. At buying stations the practice was to weigh and to test cream received from individual shippers and then to dump it into larger shipping cans for delivery to the creamery. Thus, the cream from the buying station arrived at the creamery reduced to a quality approaching the lowest common denominator.

The Dairymen's Act was amended in 1914 to give the dairy branch authority to inspect cream-buying stations.[111] Accordingly, the inspections were carried out in 1915. The results of these inspections, as outlined in a report prepared by P.E. Reed, a recently-appointed staff member of the dairy branch, were appalling. Of the sixty-eight buying stations inspected, only five had a separate building for handling cream. At six the cream was received and tested in a separate room, but in the remaining fifty-seven the cream was handled in some part of a general store, warehouse or office. Sanitary conditions were ranked as good in two stations and very poor in thirty-four. Eleven were classified as "bad" and the rest were either "fair" or "poor." As for the men who ran the stations, Reed stated, "Very few of the men in the work had any knowledge of the theory of testing and in very many cases only the barest knowledge of the operations involved in the mechanical operation of testing."[112]

Partly as a result of Reed's report on cream buying stations, a new *Dairymen's Act* was assented to on 29 February 1916.[113] The new act defined the function of cream buying stations and, for the first time in Saskatchewan, the Minister of Agriculture was given authority to license and bond the operators. The new regulations were published in the Saskatchewan *Gazette*, 31 May 1916 and were to be operative by 15 June.[114] At the same time, the dairy branch announced, "We are conducting two regular buying stations *as experiments* to keep track of the quality of cream shipped...."[115]

The regulations stipulated that on or before 15 June 1916, and on each first of May thereafter, every owner, operator, or manager of a buying station was to apply for a licence for the station. The cream grader was to be licensed also. The fees were ten and two dollars respectively. Before a licence for the station could be granted, the operator was to provide a building or a room which was to be used exclusively for milk or cream. The room or building was to be well drained, free from foreign odors, and screened. Hot water and steam were to be available for the proper cleansing of cream cans and utensils. A tank for prompt cooling of the cream to 50 degrees Fahrenheit was required. All cream was to be purchased on the basis of butterfat content and, in order to preserve the individuality of each cream shippers' cream, a permanent record of each lot of cream was to be kept. On or before 1 May 1917 every person in charge of a station was to qualify for a licence if satisfactory evidence of his training was furnished or, if he passed a written, oral or practical examination satisfactorily. Licences could be cancelled by the dairy commissioner at any time if an adverse report was received from a representative of the dairy branch or from the Dairy Department, College of Agriculture, Saskatoon.

The new regulations quickly reduced the number of buying stations from close to seventy in 1915 to thirty in 1917. Thirty-one operated in 1918. At the provincial dairy convention held in Saskatoon in February, 1919, a resolution was passed requesting that the Department of Agriculture cease to issue licences for new buying stations in 1919, and that all existing licences be cancelled on 1 May 1920.[116] Licences were renewed for twenty-five stations in the last year of their existence in Saskatchewan.

Creamery operators such as Caulder and Mihalko were in favour of discontinuing the buying stations. In 1919 Caulder wrote:

> It seems to me that if the buying station is not eliminated the Creameries of this Province will at all times be subject to an attack of Prussianism on the part of the packers. We can do away with that by eliminating the buying stations.[117]

The fact that P. Burns and Company had established a creamery in Moose Jaw in 1918 may have had something to do with Caulder's attitude.

Conclusion

There can be little doubt as to the purpose of federal and provincial government dairy and livestock policies over the period from 1905 to 1920. Policies were designed to diversify the agricultural industry in western Canada. However, it was one policy to encourage "diversification" by encouraging specialized production according to the best use of resources in a given geographical area, and quite another to encourage "self-sufficiency through diversification" in the individual farm unit. Unfortunately, it was the latter concept that usually motivated policy makers. (Motherwell was the exception.) They did not recognize that a more "self-sufficient" agriculture would be less productive and, by definition, a non-contributor to national prosperity. Farmers were chastised for putting all their eggs in one basket when they specialized, and chastised for poor farming methods when they diversified. Intelligent farmers ignored the advice of urban experts; but it is much easier to excuse those who did not have the benefit of hindsight than it is to excuse the misinterpretations of prairie reliance on specialized wheat production that are prevalent in current literature.

FOUR

REORGANIZATION AND EXPANSION

Introduction

Government assistance to and management of creameries in Saskatchewan characterized the dairy industry both in Territorial times and after the formation of the province in 1905. Most attempts to establish creameries without government assistance ended either in failure or absorption into the family of creameries managed by the government. Andreason's Central Creamery Company at Humboldt was the first important exception to this rule, while a creamery at Rosthern, managed by Herman Weibe, began to produce butter in 1909, was closed for the 1910 season, and then operated each year until 1919. With the exception of Regina, where unusual circumstances led to the formation of the Dominion Dairy and Produce Company, the government did not manage creameries in the larger urban centres. The Moose Jaw-based Saskatchewan Creamery Company, the Saskatoon Pure Milk Company, and the Prince Albert Creamery Company were all organized and financed by local businessmen. In the period before 1917, privately-operated creameries were also established at Annaheim, Battleford, North Battleford, Bruno, Englefeld, Yorkton and Estevan. In addition, the Saskatchewan Creamery Company established branch creameries at Weyburn and Swift Current, and the Metropolitan Cold Storage Company produced butter at Vonda.

Private Creameries — A Brief Resumé, 1906-1920

P.J. Hoffman's private creamery at Annaheim existed despite the government's refusal to incorporate a creamery association in Englefeld, producing butter until fire destroyed it in 1917. The South Battleford Creamery Company was an outcome of the failure of the Laurentia Milk Company's grandiose plans in Battleford. Owned by the Winnipeg firm of Lobb and Clark, which has been creditors of the Laurentia Milk Company, it was managed by George Ward,[1] and it was in competition with the North Battleford Creamery Company. That company had been formed in 1914, and was reorganized as a government-managed, co-operative creamery in 1916.[2]

There were two more privately owned creameries at Bruno and Englefeld. The creamery at Bruno, known originally as the Farmers' Creamery, was built in 1912.[3] On 16 March 1916 the *Humboldt Journal* reported that L.M. Vossberg had sold the creamery to William Leison, a general merchant in Bruno,[4] but shortly after this Leison left Bruno to farm on a Virginia plantation and Richard Schafer became the creamery manager. Upon his return to Saskatchewan in 1919, Leison re-entered the butter industry at Mervin and he eventually formed the Northland Cremeries Company, with creameries at Mervin, Maidstone, and St. Walburg. Jacob Koep established the Rose Lawn Creamery in Englefeld in 1915 and manufactured butter there until 1927 when the factory was converted to a cheese manufacturing operation.

J.A. Caulder's Saskatchewan Creamery Company operated in Moose Jaw; its Weyburn branch was forced to close in 1914 because the government-managed creamery at Oxbow encroached upon the available milk supply. C.F. Hansen (who had been plant manager for Caulder's company at Weyburn) and J.W. Ball of Weyburn were instrumental in establishing the Ideal Creamery Company in Yorkton in 1914.[5] The Ideal Creamery Company sold its facilities to the Crescent Creamery Company of Winnipeg in 1915 and Robert Barbour, later an important figure in the Saskatchewan creamery industry, became manager, with C.F. Hansen as plant superintendent.[6]

The Souris Valley Creamery Company, the oldest continuously operated creamery in Saskatchewan, was established in 1912 by B.F. Grundeen in response to an invitation from the Estevan Board of Trade. Grundeen, an American who had established himself as a champion buttermaker in Minnesota, and his partner, J.I. Munson, erected and equipped the creamery by the spring of 1912. However, it could not operate until later that year because the town had overlooked the necessary sewer and water connections. Perhaps because of such frustrations Munson withdrew from the venture, leaving Grundeen to acquire another partner, S.G. Gustafson, but he also withdrew. Grundeen, however, persisted and became a respected leader in Saskatchewan's creamery industry.[7] Tables 4.1 and 4.2 show the growth of creamery butter production in government-operated creameries and privately-operated creameries. Obviously government policy could no longer virtually ignore private creamery operators, as it had done prior to 1916.

TABLE 4.1
OUTPUT OF PRIVATELY OWNED CREAMERIES IN SASKATCHEWAN FROM YEAR ESTABLISHED TO 1 JANUARY 1918

Name	Address	Pounds 1906-7	Pounds 1908	Pounds 1909	Pounds 1910	Pounds 1911	Pounds 1912	Pounds 1913	Pounds 1914	Pounds 1915	Pounds 1916	Pounds 1917
Central Creamery Company	Humbolt	(18,313) (22,371)	45,680	60,245	73,408	82,162	91,289	83,622	143,869	175,526	202,281	186,051
Saskatchewan Creamery Company	Moose Jaw	—	—	—	15,000	60,000	160,000	300,000	448,631	466,447	381,993	465,717
Rosthern Creamery Company	Rosthern	—	—	—	—	20,000	21,000	23,000	23,226	23,416	23,513	16,738
Souris Valley Creamery Company	Estevan	—	—	—	—	—	—	45,000	66,000	110,000	130,000	182,951
Saskatoon Pure Milk Company	Saskatoon	—	—	—	—	—	—	—	481,954	647,800	245,000	171,852
Prince Albert Creamery Company	Prince Albert	—	—	—	—	—	—	—	86,000	124,486	157,879	191,328
Crescent Creamery Company	Yorkton	—	—	—	—	—	—	—	78,000	198,618	337,679	301,447
North Battleford Creamery Company	North Battleford	—	—	—	—	—	—	—	15,000	62,000	44,000	Sold
Rose Lawn Creamery Company	Englefeld	—	—	—	—	—	—	—	—	27,158	38,769	42,258
Bruno Creamery Company	Bruno	—	—	—	—	—	—	—	—	—	90,943	95,885
South Battleford Creamery Company	South Battleford	—	—	—	—	—	—	—	—	—	25,000	28,443
Metropolitan Creamery[a] Company	Vonda	—	—	—	—	—	—	—	—	—	22,840	43,742
Guernsey Creamery[b] Company	Swift Current	—	—	—	—	—	—	—	—	—	50,000	Closed
P.J. Hoffman Creamery Company	Annaheim	—	—	—	—	—	—	—	—	—	27,000	Burned
Scott's Dairy	Saskatoon	—	—	—	—	—	—	—	—	—	—	12,000
	TOTALS	40,684	45,680	60,245	88,408	162,162	272,289	451,622	1,279,680	1,845,461	1,776,897	1,738,412

Source: Saskatchewan, Department of Agriculture, *Annual Report*, 1918, 36.

[a] This company should be named the Metropolitan Cold Storage Company. Butter production was undertaken in conjunction with cold storage facilities.

[b] This company was the Gurney Creamery Company. F.J. Gurney, who had operated a creamery at Melfort in 1909 was the operator at Swift Current.

TABLE 4.2

BUTTER MANUFACTURED AT CO-OPERATIVE CREAMERIES FROM YEAR ESTABLISHED TO 1 NOVEMBER 1917

Creamery	Pounds 1906	Pounds 1907	Pounds 1908	Pounds 1909	Pounds 1910	Pounds 1911	Pounds 1912	Pounds 1913	Pounds 1914	Pounds 1915	Pounds 1916	Pounds 1917
Qu'Appelle	19,762	6,974	29,719	34,447	44,891	96,282	49,357	—	—	—	—	—
Regina	—	—	—	—	—	—	101,982	255,445	444,436	501,858	483,785	441,997
Moosomin	25,029	12,238	28,982	40,128	81,816	126,172	99,945	117,566	120,455	117,670	83,312	80,199
Tantallon	39,872	12,793	38,450	57,189	46,297	57,751	52,904	52,790	66,812	46,896	66,240	69,139
Melfort	—	—	—	—	73,661	145,930	114,644	104,718	122,679	191,959	276,960	210,622
Langenburg	29,470	34,241	77,645	93,482	67,134	73,638	62,568	53,820	48,939	43,809	65,408	84,854
Wadena	—	—	—	—	—	49,397	48,689	42,015	34,834	127,132	208,666	238,270
Lloydminster	—	—	—	12,214	30,054	43,445	78,334	140,618	200,020	210,476	259,493	171,446
Birch Hills	—	—	45,486	95,944	118,363	148,870	104,978	80,821	87,127	132,507	156,272	141,367
Shellbrook	—	—	—	—	—	27,333	30,914	36,862	48,255	72,248	89,444	69,451
Oxbow	—	—	—	—	—	—	—	58,730	89,967	70,898	68,724	60,850
Cudworth	—	—	—	—	—	—	—	19,710	44,966	82,091	115,283	111,296
Unity	—	—	—	—	—	—	—	—	31,968	128,021	154,507	103,398
Melville	—	—	—	—	—	—	—	—	40,272	129,560	160,055	167,311
Kerrobert	—	—	—	—	—	—	—	—	—	73,159	167,427	120,737
Canora	—	—	—	—	—	—	—	—	—	84,114	98,857	86,341
Lanigan	—	—	—	—	—	—	—	—	—	—	75,747	186,951
Fiske	—	—	—	—	—	—	—	—	—	—	7,872	7,768
N. Battleford	—	—	—	—	—	—	—	—	—	—	—	90,189
Henribourg	—	—	—	—	—	—	—	—	—	—	—	10,160
Totals	114,133	66,246	241,840	355,671	507,820	768,218	737,315	962,869	1,436,720	2,012,401	2,538,061	2,482,347

Source: Saskatchewan, Department of Agriculture, *Annual Report*, 1918, 32.

Private Operators Organize

The first evidence that private creamery operators were disgruntled with government creamery policy came early in 1914, when both J.A. Caulder, managing director of the Saskatchewan Creamery Company, and F. Maclure Sclanders, commissioner of the Board of Trade at Saskatoon, began to agitate for what they argued would be a more equitable policy. Caulder's concern is understandable. Sclanders's concern may have been ignited by remarks made by W.J. Rutherford, Dean of the College of Agriculture, at the dairy convention held in Saskatoon in January 1914. Rutherford had been deputy minister of agriculture from 1908 to 1910 after which he became the first dean of the College of Agriculture. In a speech to the convention Rutherford inferred that government creameries were superior to private creameries. Government creameries, he stated, paid top prices for cream. There were no middlemen to take a share of the profits and there was no "skimming" of the cream shippers.[8] It was less than two weeks after Rutherford's speech that Sclanders, representing the Saskatoon Board of Trade, began to complain to the government regarding its discriminatory dairy policy.

Among the contentious issues that Caulder and Sclanders wished to discuss with the government were the payment of express charges on cream shipped to government-operated creameries, the government's payment of marketing costs, such as cold storage, while operating the "co-operatively"-owned creameries, and the fact that the government hired and paid men to promote government creameries. Sclanders argued that the private creameries were aiding the development of a dairy industry on the same basis as the government creameries and that "there should be no discrimination whatsoever."[9] Caulder stated, "we believe, however, that the private creamery owners and the men who own stock in such creameries should also be encouraged, as we do not suppose it is the aim of the Dairy Department to monopolize the creamery business of this Province, although under existing conditions that is almost sure to be the ultimate outcome."[10] Caulder feared a government monopoly because it was impossible, he said, for private creameries to compete with government creameries as long as the former had to bear costs the latter avoided. In this context he stated, "The creamery business has now got to a point in this province where it ought to be self-sustaining or else be allowed to get out of business."[11]

Government officials attempted to reply to these criticisms. Replying to Sclanders, A.F. Mantle explained that express charges were paid only on cream shipped to government-operated creameries because only at these institutions could the government be sure "that the bonus does in reality go to the dairying industry, that is to say, the producers of milk and cream, and not into the hands of private manufacturers of dairy products."[12] Wilson, in his reply to Caulder, avoided discussion of this aspect of government policy.

In answer to the complaints made at this time, Wilson attempted to explain the government's point of view. He claimed that the government did not intend to create a monopoly, and added that if competition was on an unequal basis "it is on account of the handicap involved in an over investment as compared with a business started where every consideration has been given to the economic side."[13] In view of the conditions under which some government-operated creameries were organized this is, to say the least, a questionable statement. Wilson defended the government's marketing of butter, arguing that this policy was beneficial to privately-owned creameries because government sales to outside markets helped to maintain provincial markets for creamery butter. There is substance to this argument, but the dairy branch found outside markets to develop "co-operative" dairying, not to aid private creameries, and it was not reluctant to sell in local markets when the opportunity for high prices arose. A.F. Mantle informed Wilson, ". . . you are fully justified in making sales of Government Creamery butter in any part of the province."[14] As far as criticism of government policy in connection with promotion costs was concerned, Wilson replied, "Concerning your statement that men are kept in the country soliciting business at the government's expense — I may say that this has not been our policy. We have two instructors but their duties are purely of an educational nature."[15] This is in direct contrast to W.R. Motherwell's recommendation that men be hired to solicit business at "co-operative" creameries.

Private operators had other complaints. Under the provisions of the *Livestock Purchase and Sale Act* the patrons of government creameries, but not those of private creameries, could purchase livestock on credit terms. Private operators objected to the manner in which the government advertised the advantages of patronizing a "co-operative" creamery. They claimed that the government misrepresented prices paid for cream. They resented the fact that the government extolled the virtues of a policy enabling cream to be expressed free of charge. In addition, they were annoyed by declarations such as, "No firm or individual is getting wealthy at your expense." The fact was that many "co-operative" creamery advertisements carried a message that the only fair deal was a government deal. Finally, when the government introduced butter grading, private operators found it difficult to reap the marketing advantages associated with a grade certificate.

When the butter grading system was introduced by Wilson in 1914, official grade certificates were not to be issued on the basis of a sample of a churning. Entire churnings were to be available for inspection by the official graders. When the butter grading service was extended to private creameries in 1915 the government offered to market their butter if entire churnings were graded at cold storage facilities in Regina and Saskatoon. Private creamery operators reacted in different ways to the government's grading and marketing plan. Grundeen at Estevan took advantage of the offer and was satisfied with the results. But misunderstandings arose between the government and many of the private operators because the latter at first thought that official grade certificates would be issued on the basis of a graded sample. After it was made clear that this was not to be the case, some creamery operators, including R.W. Heim, claimed that the additional transportation and storage costs would be prohibitive. O.W. Andreason ran into another problem. Apparently, he wanted to take advantage of the government's plan but he could not get storage space for his butter in Saskatoon. All vacant cold storage space had been secured by the government for the butter of "co-operative" creameries. Under such circumstances, the government's scheme for extending its grading and marketing service, and at the same time preserving the value of the official grade certificate, was not enthusiastically welcomed and adopted by the private operators.

The intensity of the conflict between the government and private butter manufacturers increased after the formation of the Saskatchewan Butter Manufacturers' Association in March 1915 in Moose Jaw. Archie Mihalko was named president and O.W. Andreason vice-president. Caulder, R.W. Heim, and B.F. Grundeen were named as directors. The *Humboldt Journal* reported that:

> The object of the association is to raise the standard of butter and milk in the province and *to advance the interest of the private dairymen* by taking such joint action from time to time as circumstances might demand.[16] (Author's italics)

Andreason was reported as saying that there had been insufficient progress in privately-owned creameries and that he hoped "within five years' time they would have fifty to a hundred creameries represented in their association." The association, it was claimed, represented 50 percent of the commercially manufactured butter in the province, 95 percent of the ice cream, and 90 percent of the commercial milk.[17]

The association of private operators of butter factories succeeded in arranging a conference with W.R. Motherwell on 25 June 1915 at which they aired their grievances, but they secured few results. Following the conference, Mihalko, the president, and the secretary, F.B. Fulmer, entered into heated correspondence with Motherwell and other government officials. In reply to one letter, Motherwell wrote:

> You are so saturated with the idea that this Department is sitting up at nights thinking how best to harpoon the private creameries that any change in the *Dairymen's Act* is bound to be inamicable [*sic*] to the interests of the private creameries. I am exceedingly sorry that you should have permitted yourself to have got worked into your present state of mind, apparently brought about by the too common practice of measuring other peoples' corn in one's own half bushel. However, we receive so little criticism of any of our branches in this Department that even unwarranted criticism is at least a diversion.[18]

Motherwell's letter was no more constructive or conciliatory than the letters he received from the Association's executive. One wonders indeed, if Wilson sat up nights worrying whether or not unregulated private enterprise might jeopardize the future of Saskatchewan's dairy industry.

The Saskatchewan Butter Manufacturers' Association planned to meet from 8 to 10 April 1916 in Saskatoon and invited W.A. Wilson to attend, but he refused because of the absence of an agenda. Undoubtedly, one of the issues the association wished to discuss was the new *Dairymen's Act* which was assented to on 29 February and which was to come into effect 1 June.[19]

The new act's main feature was legislation giving the Minister of Agriculture and the dairy commissioner increased regulatory power over privately-operated creameries incorporated under the *Companies Act*. Previously, the *Dairymen's Act* allowed the Minister to regulate creamery sites and plant specifications and the limits to the territory in which they could do business. In view of the increased number of private creameries it became necessary, Wilson apparently thought, to extend these powers. Section 13 of the new act made it compulsory for creamery companies organized under the *Companies Act* to comply with the Minister of Agriculture's regulations concerning the amount of authorized capital and the amount of such capital to be subscribed and paid up before incorporation would be granted. In addition, all creamery companies were now to obey regulations concerning meetings, votes, transfers of shares, auditing, and marking and grading butter for export. Section 34 required all creamery companies to furnish the Minister with such records of their business as he required. Section 27 gave the dairy commissioner authority to inspect any creamery, to judge the suitability of those employed therein, to test and grade any cream or milk found on the premises, and to examine the accounts. Section 32 forbade any creamery association from buying milk or cream in a discriminatory manner; that is, no creamery association could pay more for milk or cream in one locality than it did in others, except in so far as transportation costs affected the price. Any company which violated Sections 31, 32 and 34 could have its name struck off the register of joint stock companies, subject to appeal to the courts. Lacking a detailed knowledge of the actual requirements that they were to face, it is little wonder that the private operators wished to discuss the new *Dairymen's Act* with Wilson. His refusal to attend the meeting, apparently based upon a fear that nothing would be gained and further antagonism would be generated, probably added to the suspicion and fear that private owners had of creamery policy.

Perhaps the most telling criticisms of government policy came from the dean of creamery owners, O.W. Andreason, when he spoke to the Saskatchewan Dairymen's Association in 1916 on the topic "The Importance of Co-operation." He acknowledged, on behalf of the private owners, their indebtedness to the Department of Agriculture for the assistance they had received, especially in the matter of butter grading, but he was also quoted as saying:

> Co-operation in Saskatchewan today, as far as creameries were concerned, was artificial. The creameries were not only supervised by the Department of Agriculture, but they were assisted by the department. It had been necessary to offer aid to the creameries, and the results had been satisfactory, but it must not be forgotten that they were enjoying privileges, that they were being spoon-fed. Such a condition did not make for independence but to [*sic*] subservience.
>
> With the multiplication of creameries assistance from the department would not be possible and independence was thus becoming an absolute necessity. Unless co-operation creates independence in the farmer the true aim of co-operation is lost.[20]

Such logic was much more effective than the complaints of Fulmer or Mihalko, which were of a specific nature and merely raised the government's ire.

Significantly, on 7 April 1916, the day before the Saskatchewan Butter Manufacturers' Association was to meet, the dairy branch sent a circular letter to all private operators outlining a plan for extending government grading and marketing services. An option was introduced whereby private creameries could have all or any part of their butter production graded at cold storage warehouses in Regina, Saskatoon, Moose Jaw, or Prince Albert. Official grade certificates would be issued if the butter was subsequently sold and shipped under the supervision of the official grader. In addition, the dairy branch made arrangements with commercial banks whereby the private creameries could receive an advance of up to 85 percent of the estimated value of butter stored and sold through such government grading stations at relatively low interest rates.[21]

The private operators were not impressed. They passed a series of resolutions calling upon the government to extend its grading and marketing services, to increase financial and educational aid to the private concerns, and to devise a plan whereby patrons of private creameries could buy livestock with government assistance. The private owners stated, "These resolutions indicate that the time has come when the government may wisely divorce the educational part of their dairy work from the financial and business management of their creameries, and that the work of the Dairy Commissioner and his assistant be given to the province as a whole."[22]

Obviously, it was too late to compromise with the private owners, and Wilson could not possibly treat all creameries alike. He knew that many of the "co-operative" creameries were too weak and lacked the business finesse to be able to survive without government management. He devised an alternative — amalgamate the "co-operative" creameries into one larger company which would be able to compete and to continue to give direction to the dairy industry in Saskatchewan. The dairy branch began to prepare for such a move in 1916.

The Formation of the Saskatchewan Co-operative Creameries Company

The conflict between the private owners of creameries and the provincial government was brought into the open at the convention of the Dairymen's Association in January 1916. Not only did Andreason speak on co-operation and independence but Motherwell, for the first time, felt obliged to defend and explain the government's creamery policy in public. He told the dairymen that the interest on loans to co-operative creamery associations had been raised from the original 3 percent to 6 percent and that express had not been paid on cream shipped to established creameries for over a year. The government now paid express only on cream shipped to newly-organized co-operative creameries. Within a year, Motherwell said, all co-operative creameries would bear the cost of cream shipments and the expense of clerical assistance was now to be charged to the creameries, not to the government. Motherwell concluded by stating that within a year all government financial assistance to co-operative creameries could be withdrawn but that the butter produced would continue to be marketed by the government.[23] The original objective of creamery policy had been to assist the individual, centralized creameries in the early stages of their development and then to gradually withdraw government support. Motherwell, in 1916, had decided that the industry had reached a stage of maturity which would enable the "original policy" to be implemented.

In fact, when the provincial government assumed responsibility for the creamery industry in 1906 it was made clear that the government was not to underwrite a failing industry. That is why the full cost of butter manufacturing was to be borne by the individual creameries and their patrons. Another move to make the "co-operative" creameries more self-reliant came in 1910 when the government began to levy a small "assessment" on every pound of butterfat supplied by patrons. This assessment was designed to reimburse the government for at least some of the costs it absorbed while managing the creameries. The amount of the assessment was under one cent per pound of butterfat and was not levied during the first year of operation. The rate to be charged was determined by W.A. Wilson with the approval of the Minister of Agriculture and differed from creamery to creamery and from time to time at the same creamery depending upon Wilson's estimate of the effect it would have upon the success of the creamery and the relative amount of the government's overall expenses that were due to operating the particular creamery in question. Table 4.3 shows the amount the assessment earned in each fiscal year in which it was considered to be government revenue.

TABLE 4.3
Revenue Received by the Saskatchewan Government from Assessment on Butterfat Deliveries to Co-operative Creameries

Year	Amount	Year	Amount
1910-1911	$ 975	1913-1914	$5,974
1911-1912	$2,412	1914-1915	$9,785
1912-1913	$2,652	1915-1916	$9,743

Source: Saskatchewan, *Public Accounts,* 1910-1911, to 1915-1916.

The revenue from the assessment was originally expected to compensate the government for clerical and accounting costs incurred in managing creameries. The amount received depended upon the rate of assessment and the number of pounds of butterfat delivered to the creameries. As most creameries became more firmly established the average rate of assessment was increased and the number of pounds of butterfat delivered expanded. These two factors account for the large increase in revenue from $2,652 in the fiscal year 1912 to 1913 to $9,785 in the fiscal year 1914 to 1915 from this assessment. Although clerical and accounting costs increased during the same period it is unlikely that they increased proportionately, and to the extent that revenue from the assessment exceeded these costs the excess could be used to help defray government payments for express and storage. Table 4.4 shows the amounts expended by the government on express, cold storage, and insurance from 1906-1917.

TABLE 4.4
Expenditures by the Saskatchewan Government on Express on Cream and Cold Storage and Insurance on Creamery Butter 1906-1907 to 1916-1917

Year	Express Charges	Cold Storage	Insurance
1906-1907	$ 163.60	$ 75.77	—
1907-1908	$ 379.83	$ 166.14	$ 31.23
1908-1909	$ 686.88	$ 872.77	$178.08
1909-1910	$ 1,789,93	$ 733,69	$ 70,80
1910-1911	$ 2,041.66	$ 774.43	$ 74.87
1911-1912	$ 3,611.10	$ 453.44	$ 82.35
1912-1913	$ 5,808.73	$1,549.63	$ 82.35
1913-1914	$17,102.24	$1,617.97	Rented cold storage
1914-1915	$18,240.49	$2,243.47	Rented cold storage
1915-1916	$12,319.63	$ 129.00	Rented cold storage
1916-1917	—	$ 158.00	Rented cold storage
Total	$68,344.03	$8,773.36	$519.68

Source: Saskatchewan, *Public Accounts,* 1906-1907 to 1916-1917.

While Motherwell was placating critics of government creamery policy by promising reduced aid to co-operative creameries, W.A. Wilson was implementing a plan of independence that would add to their competitive strength. The nature of Wilson's plans was made explicit in October 1916 when a series of meetings was held for the managers and directors of the co-operative creameries. The meetings were addressed by representatives of the dairy branch who explained a plan for amalgamating the individual creameries into one large organization, and outlined the advantages that would accrue from this action. The speakers at these meetings were W.A. Wilson, F.M. Logan, P.E. Reed, or

L.C. Wirtz. Their purpose was to enlist the support of the directors of each local creamery for the amalgamation scheme.

P.E. Reed was sent to Oxbow and, at a meeting with the shareholders of the Bow City Co-operative Creamery held on 24 October, he emphasized that government assistance was originally given to encourage an infant industry and that soon the industry would have to become self-supporting. But to ensure permanency and strength he argued that it would be necessary for the individual co-operative creameries to amalgamate.[24] The meeting unanimously endorsed the plan to form a new company.

F.M. Logan met with the Lloydminster creamery shareholders on 28 October 1916. It would appear he put the case for amalgamation rather strongly. He stated:

> ... there might be a change in government, or another Minister of Agriculture might not go on with the work so well commenced and carried on till now; and it was considered wise to put the creamery business on a foundation that they could continue even supposing changes might happen. If things were left as they now are, and government support was withdrawn or changes in administration came about, there were three courses open to them: 1st they could operate the creamery themselves; 2nd they might lease it; and 3rd, they might sell out to some big corporation such as Swift's or Gordon Ironsides and Co., with the result that farmers would have to take whatever price was offered for their cream.... There were 16 co-operative creameries in the province, with a capitalization of only $100,000; and members of big corporations might buy up half the shares and control the whole thing for $50,000. This had happened across the Line. They [the dairy branch] had tried to work out some plan that would be better..., and that was for all the creameries in the province to amalgamate into one big co-operation [*sic*] that might be called the 'Saskatchewan Co-operative Creameries Ltd.'... They would by so doing keep the creamery business in their own hands and prevent big corporations getting hold of them and dictating price.[25]

Thus Logan used the western Canadian farmers' suspicion of "big" business, especially eastern Canadian big business, to support his argument for amalgamation. The Saskatchewan Co-operative Elevator Company had been established to combat monopoly elements in the grain trade. Such monopoly elements did not exist in 1916 in the dairy industry. However, in order to compare the future co-operative creamery company with the co-operative elevator company the possibility of monopoly power in future dairy markets was raised. Again unanimous support for the amalgamation plan was secured at Lloydminster.

W.A. Wilson spoke at Melfort. He suggested that the co-operative creameries turn over their shares, at par, to a new parent organization that would also acquire all the assets and liabilities of the existing creameries. The advantages of such a step, he argued, would be many. Profitable markets could be sustained and more favourable government legislation could be secured. It would be easier to finance a large company, and economies in the purchase of supplies for the creamery work could be realized. He stated that the existing creameries had now reached a volume of output and a degree of success that would enable a company so formed to face the future with confidence. But the "original objective" of withdrawing government support for creameries without amalgamation was dangerous because "an organization already exists... whose avowed objective is to undermine the co-operative creameries and union would give the members greater resisting powers."[26] Thus, while Logan raised the bogeyman of big corporations controlling the dairy industry, Wilson expressed his concern regarding competition with the private creameries in Saskatchewan. The organization he referred to was undoubtedly the Saskatchewan Butter Manufacturers' Association. His concern for its "avowed objectives" was one of the reasons for his proposal that amalgamation take place.

Unanimous support for the plan was secured at all the meetings. The waves of optimism concerning the dairy industry's future reached their greatest intensity during World War I. Even W.R. Motherwell, who had sounded words of caution in the past, stated at the annual dairy convention held in January 1917 that, "During the past we have learned how to go forward and now we should go.... In districts devoted principally to mixed farming the old policy might now safely be departed from and new creameries should be created with a view to serving the immediate vicinity."[27]

Closely connected with the optimism which permitted inauguration of the plan for amalgamating the co-operative creameries was the intense desire of most Saskatchewan people to increase all types of agricultural output to aid in the war effort against Germany. Certainly, high prices for agricultural products made it extremely easy to be patriotic, and the increase in dairy product output expected to follow the formation of the Saskatchewan Co-operative Creameries Company was in harmony with their sentiments.

Again, the optimism and enthusiasm generated by the proposal to amalgamate the "co-operative" creameries were enhanced by the fact that the new company was to be patterned after the Saskatchewan Co-operative Elevator Company which, by 1916, had enjoyed five highly successful years. On the whole Saskatchewan people were proud of their co-operative enterprises, and severe criticism of the proposed amalgamation would not have met with public approval. The government was on safe ground politically. To those who had campaigned for years for greater diversification of Saskatchewan agriculture the proposed company was to be the most potent factor leading in that direction.

At meetings addressed by dairy branch representatives in October 1916 the unanimous approval of thirteen creamery associations was obtained, and at each meeting a resolution was passed requesting the provincial government to enact legislation to implement the scheme. On 20 December 1916 a joint meeting of the directors and managers of the "co-operative" creameries was held in Regina to discuss plans for amalgamation. A petition was prepared for presentation to the government, along with the request that government creamery policy remain substantially the same, and that W.A. Wilson's services as general manager of the proposed company "be placed permanently at our disposal."[28] The government, of course, complied and the drafting of the proposed legislation began in earnest.

Owners of the private creameries were opposed to a plan that was designed to strengthen the "co-operative" creameries and to extend government aid to them. Their views were first expressed in December 1916:

> We consider that Mr. Wilson is employed by the government, at the expense of all the rate payers, to supervise and promote all the dairy interest in the Province and that his management has been inimical to those Creameries which are not co-operative in the sense that the management is in the hands of the owners and not in his.... With these facts in view, we think we have

> reason to fear Mr. Wilson would wish to form an organization to undermine the Creameries which he calls 'privately owned'.[29]

Their position on the proposed amalgamation was that policy should not be hastily changed, and that a more equitable distribution of government aid to creameries should result, not vice versa. But the plan went forward without opposition in the Legislative Assembly and the bill to incorporate the Saskatchewan Co-operative Creameries Company came into effect by proclamation of the Lieutenant Governor in Council on 15 May 1917.[30]

The act transferred the property, assets, and liabilities of sixteen co-operative creamery associations to the new company, which had an authorized capital of $500,000 divided into fifty thousand one dollar shares and 22,500 twenty dollar shares. No one person was to hold more than fifty of the twenty dollar shares or more than one thousand of the one dollar shares. The new company was authorized to construct, acquire, and operate creameries, cheese factories, and cold storage plants in Saskatchewan. Wilson, at last, had an instrument which could be used to provide cold storage facilities for dairy products — the one area in which the government had not followed his policy recommendations. The Saskatchewan Co-operative Creameries Company was also authorized to deal in poultry products.

A board of directors, to hold office for three years, had control over all company affairs which the act did not specifically delegate to the shareholders at a general meeting, or confer upon local boards of management at each of the company's branches. At each of the company's branches a "local" was to be established that was to have powers determined by the by-laws of the company or delegated by the directors. The new company could establish "locals" at any point in the province, subject to regulations made by the Lieutenant Governor in Council prescribing the conditions under which such locals could be established. The supporters of each local were to hold an annual meeting at which local matters were to be discussed, a local board of management was to be elected, and one or more delegates chosen to attend all general meetings of the company. At meetings of the local, each shareholder was to have only one vote. Delegates from the different locals were entitled to vote at annual and general meetings of the company, where each was to have but one vote and voting by proxy was prohibited. Thus, democratic control of the company's affairs was to be assured if the shareholders of each local and their delegates to general meetings exercised their rights.

Another co-operative feature of the act related to the way earnings were to be dispersed. When the "co-operative" creameries were government-operated, dividends to the shareholder patrons were usually paid by giving them a higher final payment for butterfat than was paid non-shareholders. With the establishment of the Saskatchewan Co-operative Creameries company this practice was discontinued, but the idea of distributing earnings on a patronage basis was not completely discarded. The new company was to meet all operating and maintenance costs. After paying such expenses, as well as the principal and interest on any outstanding loans, the company could pay, at its discretion, a dividend on paid-up capital of not more than 10 percent. Only then, if a surplus still remained, could the company distribute to the patrons on a patronage basis a sum not to exceed 50 percent of the surplus. Any surplus which remained after all these payments had been made was to go into a separate account called "The Creamery Reserve Account." This could be drawn upon by the company for use in its trading activities, provided any funds so used were replaced within two months of the end of the company's financial year. Non-shareholder patrons, or those patrons who had partly paid-up stock in the company, could receive patronage dividends due to them in the form of payments for stock, but in the former case this was limited to one twenty dollar share. Thus, a co-operative business principle, patronage dividends, was a feature of the act of incorporation.

The act also provided for government financial assistance to the new co-operative company in the form of loans and a guaranteed line of credit. The general principles of such assistance had been set when the Saskatchewan Co-operative Elevator Company had been established in 1911. Thus, the government was authorized to lend up to 75 percent of the appraised value of the property for which the loan was made, with the loan secured by a first mortgage on the property. Loans were to be repayable in twenty equal instalments and were to bear interest at 6 percent. The location, site and specifications of all buildings were to be approved by the government before a loan was granted. Loans were to be made for three purposes — creameries and cold storage warehouses and the machinery required in each. The intent of the act was that each project was to be considered individually, and that the cost of the facility in question be fully covered by allotments of the company's shares with at least 25 percent of the nominal value of these shares paid in cash. The company was to assign to the government, as additional security, the uncalled capital stock subscribed by the shareholders for whose benefit the facility was acquired or built. The act stipulated that the aggregate total of loans granted for cold storage warehouses was not to exceed $75,000 at any one time. The government was to have the right, in case of default, to appoint a receiver or to undertake liquidation proceedings. All company accounts were to be subject to inspection by the Provincial Auditor, and the company was to keep separate trading and capital accounts for each local. Thus, the original intent of the conditions surrounding government loans to the creamery company was to give the government substantial control over capital expenditures, and to treat each local of the company as a separate entity. Many of these safeguards and limitations were quickly eroded.

The original amalgamating "locals" were at Langenburg, Moosomin, Tantallon, Birch Hills, Lanigan, Fiske, Kerrobert, Melville, Oxbow, Wadena, Unity, Melfort, Shellbrook, Cudworth, Lloydminster, and North Battleford. At the second session of the legislature held in 1917, an amendment to the act of incorporation added the creamery associations at Lemburg and Henribourg, and the cold storage company at Vonda, to the list of branches of the Saskatchewan Co-operative Creameries Company.[31] Sections 18 to 24 of the act of incorporation provided for the new company to take over all the assets and liabilities of the individual amalgamating branches and all existing agreements that each had. Table 4.5 shows that seven of the original amalgamating associations owed the government $11,410.02 as of 31 December 1917.

The property and assets of each co-operative creamery were to be appraised by a board of three people. Shares in existing associations were to be exchanged for shares in the new company on the basis of their appraised value. Table 4.6 gives the final appraisal value of the shares held in the different creamery associations. The great majority of these shares were valued above par because amalgamation was expected to add substantially to the earnings of the individual creameries. There is no evidence to indicate that the relatively high

TABLE 4.5
LOANS TO CO-OPERATIVE CREAMERIES TO 31 DECEMBER 1917

Creamery	1908	1910	1911	1912	1914	1915	1917	Totals	Principal repaid to Dec. 15, 1917	Interest paid to Dec. 15, 1917	Amount outstanding Dec. 15, 1917
Qu'Appelle	$ 900	—	—	—	—	—	—	$ 900.00	$ 900.00	$ 80.37	$ —
Birch Hills	1,200	—	$1,800	—	—	—	—	3,000.00	3,000.00	275.92	—
Moosomin	400	—	—	—	—	—	—	400.00	400.00	33.40	—
Tantallon	—	$1,200	—	—	—	—	—	1,200.00	1,200.00	122.79	—
Melfort	—	1,200	—	$1,800	—	—	—	3,000.00	3,000.00	254.76	—
Wadena	—	—	2,000	—	—	—	—	2,000.00	2,000.00	225.78	—
Langenburg	—	—	—	2,000	—	—	—	2,000.00	2,000.00	205.26	—
Lloydminster	—	—	—	2,500	—	—	—	2,500.00	2,500.00	240.98	—
Shellbrook	—	—	—	2,200	—	—	—	2,200.00	2,200.00	175.23	—
Oxbow	—	—	—	—	$1,800	—	—	1,800.00	1,500.00	108.64	300.00
Cudworth	—	—	—	—	—	$1,500	—	1,500.00	750.00	102.14	750.00
Unity	—	—	—	—	—	2,500	—	2,500.00	1,300.00	177.45	1,200.00
Melville	—	—	—	—	—	2,500	—	2,500.00	1,249.98	140.16	1,250.02
Canora	—	—	—	—	—	2,200	—	2,200.00	800.00	141.88	1,400.00
Kerrobert	—	—	—	—	—	—	$2,200	2,200.00	220.00	99.00	3,980.00
Lanigan	—	—	—	—	—	—	1,700	1,700.00	170.00	83.27	1,530.00
Henribourg	—	—	—	—	—	—	3,000	3,000.00	—	—	1,000.00
Totals	$2,500	$2,400	$3,800	$8,500	$1,800	$8,700	$6,900	$34,600.00	$23,189.98	$2,467.08	$11,410.02

Source: Saskatchewan, Department of Agriculture, *Annual Report*, 1918, 34.

value of these shares imposed any burden on the new company and, in comparison with the expansion of stock subscriptions after amalgamation, the transfer of these shares pales into insignificance. The total appraised value of the physical assets of the amalgamating creameries was only $89,049.

TABLE 4.6
APPRAISED VALUE OF STOCK IN CREAMERY ASSOCIATIONS AMALGAMATING WITH THE SASKATCHEWAN CO-OPERATIVE CREAMERIES COMPANY

Creamery Company	Appraised Value of Stock (on the dollar)	Creamery Company	Appraised Value of Stock (on the dollar)
Fiske	.85	Moosomin	1.30
Henribourg	.90	Kerrobert	1.35
Oxbow	1.10	Unity	1.35
Cudworth	1.10	Lloydminster	1.40
Langenburg	1.20	Birch Hills	1.40
Shellbrook	1.20	Melville	1.40
North Battleford	1.20	Wadena	1.50
Tantallon	1.25	Melfort	1.50
Lanigan	1.25		

Source: Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1914, Saskatchewan Co-operative Creameries, 1917-1944, Establishment 1917-1918.

The company's first general meeting was held in Saskatoon on 4 July 1917. This meeting saw the formation of the first elected board of directors (a provisional board had been named in the act). W.C. Paynter was elected president, L.C. Wirtz, secretary, and W.A. Wilson was offered the position of general manager, which, of course, he accepted. When he resigned as Dairy Commissioner to take up his new post he informed Motherwell that, "Although I am leaving the employ of the Government I wish to assure you that the motives and objectives which have guided our course in this Branch of your Department will, so far as I am able to direct, be continued. . . ."[32] But now Wilson's actions were one step removed from government constraint. And Motherwell's realistic attitude toward mixed farming was removed when, in December 1918, he resigned as Saskatchewan's Minister of Agriculture to risk his fortunes in the federal political arena.

The by-laws of the new company were adopted at the first general meeting.[33] For the most part, their form and substance had been set down in the act incorporating the company. They stated that each district which supported a branch of the Saskatchewan Co-operative Creameries Company was to hold an annual meeting of paid-up shareholders at which a local board of management was to be elected by secret ballot and by a simple majority. The members of the local board were to choose from their members a president and a secretary for the local. The duties of the local board were "to keep in close touch with the local conditions and co-operate with the Board of Directors and officers of the Company in every way possible. . . ." Each local was to elect one delegate to attend the company's annual or special meeting. One quarter of the locals could request a special meeting of the company for due cause.

At the company's annual meetings any shareholder in good standing was eligible to be elected to its board of directors. The board of directors was to set the salaries and duties of the company's officers. It was empowered to borrow money, allot or transfer shares, register new shareholders, mortgage property, enter into agreements for lines of credit, and to take over other companies engaged in any business for which the co-operative company was incorporated. The board was to elect an executive committee consisting of the president, secretary, and general manager.

The executive committee was to have such powers as were delegated to it by the board of directors, and was to exercise supervisory authority over the company's affairs while remaining responsible to the board. The executive committee could call a meeting of the board as often as business required. Given the limited role that each individual local was to play in the company's affairs, the geographic distances separating locals, and the fact that the great majority of farmer shareholders were not specialized in dairying, the possibility of apathy at the local level was very great indeed.

The newly-formed company took over the management of the "co-operative" creameries in Saskatchewan on 1 November 1917. The atmosphere in which it began operations was charged with optimism and enthusiasm. This was so because developments in the dairy industry in Saskatchewan in 1915, 1916, and 1917 seemed to indicate that finally Saskatchewan farmers were beginning to realize that successful farming depended upon diversification — the assumption upon which most efforts to foster the dairy industry in the province had rested since 1890. Then, too, the new company was to be a co-operative enterprise which would ensure that the lion's share of the returns from producing dairy products would accrue to the dairy farmers, thus encouraging further expansion and adding to Saskatchewan's renown as a province in which co-operative enterprises accomplished great things. Optimism stemmed from the fact that the man who had directed the government-operated creameries in the province so successfully was to be the company's general manager. Also, the government of the province stood ready to give financial assistance and support to the new company if it felt this necessary to ensure the company's development. This was in harmony with the assumption that a successful dairy industry could be established only if the government controlled its development.

But in this general enthusiasm several important facts were overlooked. Was the dairy industry's expansion during World War I going to continue at the same rate when more normal demand and supply conditions returned? Would Saskatchewan's need for food conservation, and thus for cold storage space, materialize after the war to the extent anticipated by many of those most closely connected with the new company? The optimism and patriotic fervour with which the company found itself imbued in 1917 and 1918 led few, if any, to ask such questions.

Again, the circumstances surrounding the formation of the new co-operative company were charged with feelings of mutual distrust and fear between those who had attempted to build Saskatchewan's dairy industry under government supervision and the private creamery owners. The former apparently feared that the expansion of privately-owned creameries might undermine the establishment of a creamery industry which would benefit the farmers and therefore encourage dairy farming; the latter complained of unfair competition and an inequitable distribution of government aid to the province's various creameries. These attitudes were to make for ill feeling, as they had in the past, and they led to the formulation of policies that resulted in failure.

Finally, although the company was to be an agricultural co-operative, a farmer-owned firm designed to ensure the individual farm members more efficient service or higher returns, the historical background of co-operation in Saskatchewan's dairy industry had not followed this pattern. Rather, the government's hand was everywhere and, given the appointment of W.A. Wilson as general manager of the new company and the substantial government assistance which was to be offered to it, the establishment of the Saskatchewan Co-operative Creameries Company does not mark a sharp break with the past. Attempts to establish "co-operative" creameries had been characterized by indifference on the part of the majority of farmers. Direction and control came from the government's dairy branch, not from enthusiastic local farmers patronizing the creamery. The likelihood of the same situation existing in the Saskatchewan Co-operative Creameries Company, with control from the top rather than from the grassroots, was very strong indeed. The men accustomed to directing policy concerning "co-operative" creameries before 1917 formed the nucleus of the new company's management while "locals" of the company were delegated very few important duties.

Reorganization — The Saskatchewan Dairymen's Association Becomes the Saskatchewan Dairy Association

The amalgamation of the government-managed, co-operative creameries necessitated changes in the nature and structure of the Saskatchewan dairymen's organization. The Saskatchewan Dairymen's Association had evolved in relation to the government's creamery policy and had been dominated by the dairy branch of the Department of Agriculture. The dairy branch, at last, could divorce its educational and developmental policies from its creamery policy.[34] The time was ripe for broadening the activities of the Dairymen's Association.

The 1918 convention of Saskatchewan dairymen represented the largest gathering ever assembled at this annual affair. For the first time, fluid milk producers were represented by a fluid milk producers' association from Saskatoon.[35] Also for the first time a private creamery operator was elected to the association's board of directors. O.W. Andreason expressed surprise at his election but commented that, "it was a move in the right direction as it got everyone in the dairy industry working together for the common good."[36] To accomplish this goal a new constitution for the Association would be necessary.

The constitution of 1915 had defined membership in the Association to consist of delegates from registered creamery companies and from "sub-associations" which paid an annual fee. The Association's new constitution in 1919 broadened the base of membership and made other fundamental changes. Membership and the right to vote at annual meetings was extended to anyone who had paid an annual fee and who was considered to be a *bona fide* member of the dairy industry, including "buttermakers, cheesemakers, ice cream makers, condensed milk makers, milk plant operators — and farmers in any part of Saskatchewan who are especially engaged in the manufacture or production of dairy products." The annual membership fee for individuals was established at one dollar in May 1919.[37] The new voting privileges were thoroughly debated. Some argued that individual voting rights would jeopardize the interest in, and importance of, locals. Others feared a convention could be "packed." Both of these objections gave way to the expected benefits to be derived from the more active participation of the province's dairymen.[38]

The new constitution contained a subtle change in the Association's name. Previously its official name was the Saskatchewan Dairymen's Association. The new constitution referred to the Saskatchewan Dairy Association. The number of members on the board of directors was increased from seven to nine. A newly-elected board met in Saskatoon on 13 February 1919 and appointed the new dairy commissioner, P.E. Reed, as association secretary[39] — a position he was to hold for more than twenty-five years.

The constitution adopted in 1919 reflected the fact that the relationship between the provincial government and the dairy industry had changed fundamentally. The basic objective — "the advancement of the dairy industry" —remained the same. However, the 1915 constitution stated that this objective was to be attained by holding an annual convention, by co-operating with dairymen, creamery managers, the Department of Agriculture, the College of Agriculture, and by such other means as were approved by the Minister of Agriculture. There had been an implication that the Association was subservient to the Department of Agriculture, but that was changed by the new constitution. Now the basic objective was to be achieved "by analyzing proposed legislation, both provincial and federal, and assist in obtaining such legislation as will be beneficial to the dairy industry." No longer was it to be taken for granted that government policy would be satisfactory.

At the very time the Saskatchewan Dairymen's Association was broadening its base, events were taking place that concerned dairymen everywhere in Canada. The manufacture and sale of oleomargarine, a substitute for butter, had been prohibited in Canada in 1886.[40] Wartime conditions led to the possibility that the federal government would remove this ban. In response to this threat, which became a reality in October 1917, dairymen everywhere began to organize. The Canadian Creamery Association of Ontario was organized in Toronto in 1917[41] and, at a meeting held in January 1918, at which representatives from Manitoba and the Maritimes were present, discussion focussed on "the advisability of making the organization as its name implies national in scope."[42] The Saskatchewan Dairymen's Association resolved at its 1918 convention that a federal dairymen's association should be formed,[43] while the Manitoba Dairy Association's 1918 convention took more concrete steps by establishing a committee "to draw up the basis for a national organization." This committee had representatives from each of the three prairie provinces, with C.P. Marker as chairman and F.M. Logan as secretary.[44]

Because of wartime market conditions and needs, a Canada Food Board was established by the Federal government in February 1918. This Board was to determine Canadian food requirements and to facilitate food exports to Great Britain. In September 1918 the Board "commandeered" for shipment to Great Britain the butter produced by Canadian creameries over a six-week period at purchase prices determined by the Board.[45] Ths action brought a storm of protest from western dairymen because, it was claimed, the prices established did not take into account higher production costs in the western provinces, nor the higher transit costs from western Canada.[46]

The need and the desire for a national organization to represent the dairy industry was now obvious. J.A. Ruddick, federal Dairy and Cold Storage Commissioner, took the initiative and convened a conference of Canadian dairymen in Ottawa in November 1918. Out of this conference emerged the National Dairy Council which was to represent all branches of the dairy industry and all provinces in Canada. Western and eastern executive committees of the Council were to be formed, and financial support for the national organization was to come from provincial associations.[47]

The Western Canadian Dairymen's Association had its origins at the annual convention of the Manitoba Dairy Association in 1919. It was to be an organization representing creamery operators from Manitoba to British Columbia.[48] However, events moved quickly and by February 1919 the creamery operators had formed the Western Canada Ice Cream Manufacturers' Association, and a Western Dairy Council of the National Dairy Council in place of the Western Canadian Dairymen's Association. The Western Dairy Council consisted of nine members, three from each prairie province. Thus creamery operators began to organize formally, and the first recorded meeting of the "Creamery Operators of the Province of Saskatchewan" was held in Saskatoon on 10 April 1920. At this meeting F.M. Logan, O.W. Andreason and J.A. Caulder were chosen as Saskatchewan's representatives "on the Western Council of the National Dairymen's Association."[49] This meeting had far-reaching consequences for the development of Saskatchewan's dairy industry because it was from this base that J.A. Caulder succeeded in arranging for collusive action among creamery operators in the 1920s.

The Saskatchewan Dairy Association was entitled to send two representatives to the National Dairy Council. At a directors' meeting held 13 February 1920, it was agreed that "one of the two representatives to which the Association is entitled should be a producer, the other a manufacturer. It was further decided this directors' meeting recommend the appointment of certain representatives for endorsement by the general meeting."[50] This method of choosing voting representatives to the National Dairy Council continued until the 1940s.

Reorganization of the Saskatchewan Dairy Association in 1919, and the necessity of supporting a national organization, required new methods of financing the provincial body. The association's directors agreed to the following resolution on 10 April 1920:

> ... provided united action can be secured on the part of all creamery operators in the province, that a circular letter be sent to each creamery patron in the province requesting them to become a member of the Saskatchewan Dairy Association, and further that in order to facilitate the collection of the membership fee a request be forwarded to each patron suggesting that the annual fee of $1.00 be retained from the cream cheque the last week in June and that the sum so collected by each creamery operator be forwarded to the Secretary-Treasurer of the Saskatchewan Dairy Association, who shall forward 50 percent to the Secretary-Treasurer of the National Dairy Council and deposit the remaining 50 percent in the funds of the Saskatchewan Dairy Association.[51]

This method of financing required the co-operation of creamery owners and managers and gave rise to frictions when, to gain competitive advantages, some creamery owners neglected to collect the assessment. Again, problems arose associated with inter-provincial rivalry among creamery operators. It was not until April 1921 that the Saskatchewan association's directors agreed that "not withstanding any collection made from patrons each creamery company or organization operating in the province shall be asked to contribute a fee of $10.00 for the first 500,000 lbs. of butter manufactured or fraction thereof manufactured and an additional $5.00 for each additional 500,000 lbs. or fraction thereof manufactured."[52]

Wartime conditions not only stimulated organization among dairymen in Canada but such conditions also provided the incentive to increase production. Of course, in Saskatchewan it had been thought necessary to promote dairying at all times. In June 1918 the *Public Service Monthly* announced that the Dairymen's Association, in co-operation with the Department of Agriculture, had arranged for a number of competitions for dairy farmers and creamery men.[53] Included were competitions between dairy herd owners for the highest average butterfat output per herd; competitions among creamery managers for the highest quality butter; competitions regarding creameries' interior and exterior conditions; butter judging competitions; and boys' dairy cattle judging competitions. Later, in 1919, this competition was opened to girls also.

When P.E. Reed spoke to the annual convention of Alberta dairymen in 1919, he told them:

> . . . a new constitution was adopted at our convention held in Saskatoon two weeks ago. The objects of this constitution are to unite into one organization known as 'The Saskatchewan Dairy Association' all the dairy interests of the province, private and co-operative, producer and manufacturer, whether of dairy butter, creamery butter, cheese or ice cream. It may be found necessary or desirable at a later date to form some separate divisions, but first we want to thoroughly establish a strong organization to look after the common interests of all who are engaged in the industry. . . .
>
> The great work of the provincial association for some time at least so far as Saskatchewan is concerned will be educational. Educational work nor [*sic*] only amongst the people connected with industry, but also amongst the consuming public.[54]

Over the years, sometimes in the face of disharmony among interest groups, Reed worked to maintain his concept of the association as one which would look after the common interests of all who were engaged in the dairy industry.

Expansion

The formation of the Saskatchewan Co-operative Creameries Company was heralded as a momentous event for Saskatchewan's dairy industry. Direct government involvement in "co-operative" creameries would come to an end. For W.A. Wilson and all of those who held views similar to his, the new company was to be the instrument through which the dairy industry would rise to its rightful place in the agricultural economy of Saskatchewan. It was assumed that the new company would be financially sound and competitively invulnerable. Indeed, there is every indication that Wilson envisioned a co-operative monopoly in the creamery industry of the province. To this point, Motherwell had frustrated Wilson's plans for bigger and better cold storage facilities. Wilson now had an instrument at hand that would end such frustration. Indeed, the men who directed the destiny of the Saskatchewan Co-operative Creameries Company in the first years of its existence were crusaders first and businessmen second. The co-operative company was a company with a mission.

The company's crusade began in 1917. Before that year was over the company had acquired a creamery in Lemberg, the Metropolitan Cold Storage

Company's facilities in Vonda, and a creamery in Henribourg. The Vonda facilities were acquired for $27,000 in spite of a report from the company's audit department which advised against the transaction.[55] The Garden River Co-operative Creamery Company at Henribourg was acquired in spite of the fact that the creamery was not situated on a rail line. In 1918, the newly-formed co-operative purchased the Regina Cold Storage Company's plant in Regina for $30,462.00.[56] It also acquired the Dominion Dairy and Produce Company in Regina through the government. The latter had acted upon an option to buy clause in the original agreement of 1912 between the government and the men who had supplied the capital for the company and had acquired the concern.[57]

The attitude of the company's executive regarding such acquisitions is made clear by correspondence concerning creameries at Norquay and Preeceville. J.W. Fotheringham, who operated a creamery in Neepawa, Manitoba, was interested in purchasing a creamery which had been erected by a group of local citizens in Norquay, and also in establishing a creamery in Preeceville. L.C. Wirtz, secretary of the Saskatchewan Co-operative Creameries, was sent to overturn Fotheringham's plans, but the Norquay creamery was sold to the Manitoban before Wirtz could act. Wirtz thought that the Norquay creamery shareholders had not been consulted regarding the sale, and he informed Wilson that it was perhaps possible "to upset the deal." At the same time he considered it necessary "to go to Preeceville and in some way plant our Company at that point before Neepawa gets in there too."[58] Wilson wrote, "[Our company] may be a factor in preventing the exploiting of these interests in the Province and it may be there is a good starting point at Norquay...."[59] Apparently, the Norquay people were not convinced they needed "protection," for Fotheringham operated the creamery there until 1928, and Wirtz failed at Preeceville too, when the Manitoba-based Dauphin Milling and Creamery Company established a creamery there. However, that creamery was sold to the Saskatchewan Co-operative Creameries company in 1919.

Such experiences convinced Wilson that his company had to be financially capable of moving quickly into competitive areas. This conviction was reflected in the negotiations between the co-operative and the government regarding financial assistance in the form of loans and guarantees. The company's directors first moved to establish a line of credit for trading activities on 1 August 1917 when they authorized applications to the Provincial Treasurer and the Northern Crown Bank, Regina, for a $500,000 line of credit for twelve months, ending 31 October 1918. The application to the Provincial Treasurer did not explain how the directors had decided on the $500,000 amount, nor did it detail the nature of the security to be given. Upon request, W.A. Wilson explained that $300,000 was to be used for trade in butter, $50,000 for trade in poultry and eggs, and $100,000 for capital expenditures on "public" cold storage. Wilson explained that he interpreted the act of incorporation to be sufficiently broad to allow the government to guarantee bank loans for capital purposes and he added, "... this is very necessary if the Company is to be placed in a position to take advantage of suitable and favourable circumstances that may arise from time to time in acquiring facilities — or for organizing new undertakings authorized by the Act."[60] Wilson wished to avoid the delays that would arise if expansion capital had to be raised by selling stock. The government made it clear that it would guarantee a line of credit at the bank for trading purposes only. Wilson reapplied for a $350,000 line of credit for 1918, and the Northern

Crown Bank agreed to advance this on the security of assignments under Section 88 of the *Bank Act* and the provincial government's guarantee.[61]

The capital loan agreement between the co-operative and the government was signed on 26 November 1918 and ratified by the legislature in January 1919.[62] The company had started construction of cold storage warehouses in Saskatoon and North Battleford and had applied for loans in connection therewith before the agreement was finalized. The government granted the company's requests for loans on these facilities by passing a special act of the legislature to ratify the Saskatoon loan[63] and by modifying the form of the agreement to accommodate the North Battleford loan.[64] In addition to the provincial government's loan of $70,000, the company received its first and last assistance from the Dominion government in the form of a subsidy of $16,050 to apply towards the Saskatoon facility.[65]

The negotiations that led to the agreement of November 1918 revealed Wilson's concern with the company's ability to expand quickly and the government's desire to accommodate him without losing control over how government funds would be used. The first draft of the agreement stated that all proposals of the company to construct or purchase creameries, cold storage warehouses, or other buildings were to receive the prior approval of the Lieutenant Governor in Council before the purchase transaction could be closed, or construction begun. Wilson objected to this requirement. He argued that the company should be allowed to erect or purchase creameries, cream buying stations, or poultry stations on its own discretion because, relative to cold storage warehouses, their cost was small and because the necessity of obtaining government approval would bring about delays that would be prejudicial to the company's development. He stated:

> We are trying to develop the most suitable territory and with Manitoba and Alberta competing the situation may be such... where we had to act promptly to be first in the territory.... The Company is equally anxious with the government to develop judiciously and with the minimum of risk, but volume of business is an important factor and the loss of good territory or a good point where the industry can be developed would be a serious matter.[66]

In response to Wilson's arguments the agreement that was ratified required the prior approval of the government only if a government loan was necessary to enable the company to build or to acquire the creamery or cold storage facility.

The original draft of the agreement stated that all monies advanced were to be used only on the acquisition or construction of the property upon the security of which the loan was made, and for no other purpose. The estimated cost of the facility was to be fully covered by allotment of the company's shares and at least 25 percent of the nominal value of these shares was to be paid in cash. As security for such a loan, the government was to receive a first mortgage on the land on which the building was situated or, if the land was under lease, a chattel mortgage on the building and equipment. As additional security the company was to assign to the government the uncalled capital stock subscribed by the members of the company for whose benefit the building for which the loan was made was being built or acquired. Consistent with this conceptual framework, the company was to keep separate capital and trading accounts for each local.[67]

Once again Wilson argued for greater flexibility. He wrote to the Treasury Department:

> I would like to have the stock subscriptions in the company as well as the company's assets considered as a whole in the matter of security to the government instead of taking the security on the one particular building and the stock applications for that particular building and the stock applications for that particular section considered separately with every application for loan and limiting the loan to be applied on that particular property.[68]

The agreement ratified by the legislature stated that the government's additional security applied to the stock subscriptions in the company so that stock sold in one section of the province could be used as security for a loan applied elsewhere.[69]

The agreement, as finally ratified, required the company to apply loan funds only on and towards the expense of acquisition, construction, extension or remodelling of the particular creamery, cheese factory, public cold storage warehouse, or other building upon the security of which the loan was made, and for no other purpose. The Minister of Agriculture was empowered to appoint inspectors of the company's facilities and to make regulations regarding the services rendered by the company. All projects that required a government loan were to receive the approval of the Lieutenant Governor in Council before a loan was to be granted. The rates charged for cold storage were to be subject to approval as well. Loans were to be made at a rate of interest of 6 percent and were to be repayable in twenty equal annual instalments. In case of default the government had the right to appoint a receiver for the company or to undertake liquidation proceedings. The Provincial Auditor had the right to inspect all relevant company records.[70]

The unusually favourable markets for butter occasioned by wartime conditions made it possible for the crusaders to appear as successful businessmen. Butter prices were in advance of any previous year on record in 1918.[71] Under such favourable circumstances the co-operative company showed a profit of $75,450.31 for the twelve months ending 2 November 1918. A dividend of 8 percent was paid to shareholders, and a bonus of one cent per pound on all butterfat and one cent per dozen on all eggs purchased was paid to patrons.[72] In 1919 the directors voted a bonus of 8 percent on the salary paid to each member of the staff, "thus adopting the principle of paying the same percentage on salaries as upon paid up capital."[73] The company's officials planned an ambitious programme of expansion in both 1919 and 1920.

On 21 March 1919 W.A. Wilson informed C.A. Dunning, Provincial Treasurer, that the company estimated it would require a total of $209,250 in government loans for the 1919 season.[74] This was required, he stated, for the extension of the company's plants in Saskatoon and North Battleford, for a creamery, milk and ice cream plant in Regina, for cold storage accommodation at Melfort and Yorkton, and for creameries at Wawota and Tisdale. In reply Dunning informed Wilson that the government was willing to provide such a sum, but added:

> The Government is desirous that I impress upon your directors the advisability of going slowly in construction if costs continue abnormal. . . .
>
> There is no desire, of course, to dictate to the Company as to what it shall or shall not do along this line, but the Government feels sure that the good

> judgement of the Directors would be against extensive building if the cost proves to be materially higher than the estimate in your letter in each case.[75]

It was, of course, necessary for the company to submit the details of each proposed plant to the government formally before a loan could be obtained. It was also necessary to sell a sufficient amount of stock in the company. Because of the government's cautious attitude toward capital expansion at this time, or owing to the cumbersome necessity of organizing and selling stock, the company formally applied for and obtained only one loan of $53,055 during 1919. This was in connection with the Melfort cold storage warehouse.

On 1 December 1919 Wilson asked the government to give tentative approval to the company's programme for expansion in 1920. The programme included purchase or construction at Regina, Tisdale, Yorkton, Invermay, Kelliher, Kelvington, Spruce Lake, Melville, Preeceville, and Weyburn. In face of this more ambitious capital expansion programme and in spite of the fact that costs had increased substantially, Wilson was informed by the government that provision would be made for the total amount ($223,500) required by the company.[76] The fact that the company had shown a surplus of $116,894.83 during the twelve months ending 31 October 1919 apparently led both its officials and the government to be more confident of the company's future.

Although the government gave tentative approval to the company's expansion plans in December 1919, the company did not formally apply for a loan on any of the proposed structures until the day after the legislature gave final reading and approval to a bill to amend the company's act of incorporation on 4 February 1920. The act was amended so that government loans could be made to the company upon completed buildings and buildings which had been purchased, or upon which construction had begun, without its prior approval. However, the subscribed stock in the company was to be at all times at least equal in value to all buildings purchased, constructed or remodelled.

This change in the basis upon which the government would lend money to the creamery company was in complete harmony with W.A. Wilson's views, as were other amendments embodied in the amending act. The new act also broadened the scope of the company's business by adding fish, meat, hides, furs, wools, fruits and vegetables to the list of products it could buy, sell, or handle. It changed the meaning of the term "local" from a body of shareholders who supported a branch of the company's business, to a body of organized shareholders residing in a territorial division of the province chosen by the directors of the company. It changed the term "local board of management" to "local advisory board" and made meetings of locals subject to the dictates of the directors of the company. It increased the authorized capital of the company from $500,000 to $1,000,000 and increased the amount of stock any one person could hold from $1000 to $5000.[77]

Not only were all of the amendments in harmony with Wilson's views but they also put into statutory form the manner in which he was managing the company in 1918 and 1919. For instance, it was necessary to change the basis upon which the company could secure government loans because its ambitious expansion programme had been started without government funds, and with only tentative government approval. The plant at Regina was already under construction when the company asked for and received, on 20 May 1920, a loan of $212,900 to be applied toward the cost of this building. The amount of this loan left little of the sum of $223,500 the government had agreed to include in the estimates for such purposes. The company applied for and received, during 1920, one more loan of $5,599.50 in connection with a creamery at Wawota that had been constructed.[78]

In 1921 and 1922 the company applied for and received government loans totalling $429,000. In 1921, $205,000 was used in connection with construction at Melville and Regina and for remodelling the building obtained from the Regina Cold Storage Company in 1918. The cold storage plant at Melville had been constructed in 1920 and the head office building in Regina, the cost of which had by now reached over $400,000, was still under construction. In 1922 $224,000 was used to help cover the cost of plants that had been purchased, constructed, or remodelled at Weyburn, Yorkton, Saskatoon, Preeceville, Invermay, Tisdale, and Kelliher. All construction at these plants had been completed before application was made for a government loan.[79] Thus, the company had proceeded with its capital expansion programme with funds secured not from the government, but from other sources.

Had the major portion of the company's expansion not been started or completed before 1921, and had the amendment to the company's act in February 1920 not allowed loans to be made on buildings already completed, then the government would have been in a position to prevent some of the expansion. But given the facts that the programme had been almost entirely carried out by the spring of 1921, and that the co-operative company had been the godchild of the government from its inception, the government actually had little choice but to lend money in order to complete the programme and keep the company in business. For, in 1920, the calm seas upon which the company had been optimistically sailing began to become rough and difficult. Signs of dissension and errors of judgement were quickly made clear.

On 21 July 1921 the Provincial Auditor informed the government of the company's position. He stated:

> I have to report that the present condition of this Company is one which may well cause grave concern.
>
> Looking for reasons for this loss, we find it principally caused by —
>
> A. A building programme far in excess of requirements, and in some respects absolutely unwarranted.
> B. The very heavy overhead expense. This largely caused by A.
> C. The sale of stocks [inventory] at a much smaller figure than that at which they were shown at the end of the Company's year. It was pointed out to the directors that provision should have been made to meet this possibility. Statement showing loss from November, 1920 to May, 1921 as $156,882.01.[80]

With the Provincial Auditor's evidence before it, the government, while making it clear it did not wish to interfere with the company's management, began to take a more direct interest in its affairs. The reason for the reversal in the company's fortunes, as the Provincial Auditor pointed out, was unwarranted capital expansion. Wilson had attempted to establish a "co-operative" monopoly in Saskatchewan's creamery industry but he had failed.

Conclusion

The government's involvement with creameries was coming under increasing criticism when World War I broke out. The war created greater demands for

Canadian agricultural products and dairy products were no exception. Increased production of cheese in eastern Canada diverted milk from butter and opened markets for butter from Western Canada. Saskatchewan creameries had never before found conditions so favourable. W.A. Wilson decided that the time was ripe to reorganize the so-called "co-operative" creameries into one large company that would, through a co-operative monopoly, convert Saskatchewan farmers to mixed farming.

However, Saskatchewan farmers were no more inclined to milk cows after the war than they had been before. Wilson's optimistic expansion of creameries and cold storage facilities was based on an assumption the validity of which he refused to question — that diversified farming would someday come to Saskatchewan. However, Wilson was caught up in the first period of consolidation of Saskatchewan's farm economy and his views were shared by many. In fact, one still finds those who cannot understand the Saskatchewan farmers' decision to specialize. For example, J.H. Thompson states in his book, *The Harvests of War: The Prairie West, 1914-1918*, "In 1919 Western farmers were further from self-sufficiency than they had been in 1914. The three Prairie Provinces grew enough wheat to feed the British Isles, but they did not grow enough potatoes to feed their own population."[81] The naive prairie farmers had decided to grow wheat and become prosperous rather than grow potatoes and milk cows and remain subsistence farmers. The contented peasant image of the farmer lingers. Thompson's book was published in 1978.

When the government divorced itself from direct involvement with creameries in Saskatchewan, the dairy branch of the Department of Agriculture was able to divert its resources to other aspects of the dairy industry. Dairy policy was never far removed from a creamery policy and was directed toward enhancing the output of manufactured dairy products. P.E. Reed, the new dairy commissioner became the secretary of the Saskatchewan Dairy Association and, in his dual role, worked to maintain harmony among the groups that comprised the dairy industry. Although the government became deeply involved in the affairs of the Saskatchewan Co-operative Creameries the dairy branch pursued policies designed to enhance dairy production, to improve the quality of dairy products, and to establish a framework within which the dairy industry could expand.

FIVE

DAIRY POLICY IN THE 1920s

Introduction

The rapid pace of settlement in Saskatchewan prior to World War I slowed considerably in the 1920s. Although war-inflated prices for agricultural products encouraged the settlement of the arid plains of southwest Saskatchewan, a return to normal peacetime prices forced retrenchment in the 1920s. Total population growth in the province slowed, especially in the post-war period from 1921 to 1926 (see Table 5.1).

TABLE 5.1
POPULATION GROWTH IN SASKATCHEWAN, 1916-1931

Year	Population	Increase Over Previous Census Year	Percentage Increase
1916	647,835	155,403	31.6
1921	757,510	109,675	16.9
1926	820,738	63,228	8.4
1931	921,785	101,047	12.3

Source: Census of the Prairie Province, 1936, (Ottawa: King's Printer).

In his book, *The National Policy and the Wheat Economy*, V.C. Fowke points out that, "From 1920 to 1923 the prices of farm products fell by one-half and the price of wheat by almost three-fifths, whereas the prices of manufactured goods fell by but one-third and the Canadian cost of living index by less than one-fifth."[1] The real income of the farmer fell and debt burdens, occasioned by wartime expansion and valued in terms of war-inflated prices, became onerous indeed. The economic climate was such as to lend weight to the arguments of those who maintained that mixed farming was necessary to solved farm income problems.

When the dairy branch of the Department of Agriculture was relieved of the task of managing "co-operative" creameries by the formation of the Saskatchewan Co-operative Creameries Company, it devoted its resources to the promotion of the dairy industry by other means. During the 1920s compulsory government cream grading was introduced and, in co-operation with the federal government, butter grading services were developed. Dairy herd improvement policies were pursued and a provincial dairy laboratory was established. Greater efforts were made to eradicate bovine tuberculosis and the responsibility for sanitary milk supplies was transferred from the Department of Agriculture to the newly formed Department of Public Health. Cheese production expanded in the 1920s and, for the first time, a positive policy was adopted regarding the cheese industry. P.E. Reed, provincial dairy commissioner, acted as secretary to the Saskatchewan Dairy Association. His dual role enabled him to maintain an uneasy harmony among the interest groups that made up Saskatchewan's dairy industry.

Toward the end of the decade of the twenties higher wheat prices and satisfactory yields brought about renewed expansion in the wheat industry. The tractor replaced the horse as the main source of farm power and the combine began to come into common use. Consolidation of smaller farm units into larger units was made easier by the new technology. The education and promotion programmes that characterized the dairy industry in the 1920s had their greatest impact in the depression years of the 1930s.

Cream Grading

Cream grading was essentially an attempt to improve the raw material of butter production. Cream grading on a voluntary basis had been introduced to all three prairie provinces before World War I. As the number of creameries increased and the competition for cream became more intense, it was common practice for a creamery manager to give a higher grade (and thus price) than the quality of cream warranted, to ensure volume production. The conflict between quality and quantity led to compulsory government grading. C.P. Marker introduced compulsory grading in Alberta on 1 May 1922. *The Farmer's Advocate* reported that, "The new system of Government grading is the first to be inaugurated in the history of Canada, and, so far as is known, in any other country."[2] By the end of the 1922 season Alberta creamery men, satisfied with the results of compulsory grading, asked Manitoba and Saskatchewan to adopt Alberta's system.

Both P.E. Reed and L.A. Gibson, the dairy commissioner for Manitoba, agreed "that our creameries have not lived up to their 'gentleman's agreement' to be governed by the grade standards."[3] Both officials were concerned with the cost of compulsory grading but agreed that it was a correct step to take. In Saskatchewan, J.A. Caulder became an advocate of compulsory grading. He told Reed, "This is a live question Percy and should be gone after at once otherwise the Creamery business is going to go on the rocks."[4]

As an aftermath of the organizational fever that had gripped the Canadian dairy industry after oleomargarine production was legalized, the creamery operators in Saskatchewan began to hold regular meetings. The first recorded meeting was on 10 April 1920.[5] This was the origin of what became known as the Provincial Dairymen's Advisory Committee which was, essentially, a forum within which creamery operators agreed upon the prices to be paid for cream, and from which they could present a common front on such matters as cream grading. Between November 1922 and May 1923 Saskatchewan creamery operators held a series of special meetings to obtain support for, and agreement on, compulsory grade standards for cream. A joint meeting of Manitoba and Saskatchewan operators was held on 4 January 1923 and this was followed by a joint meeting of operators from all three prairie provinces on 23 January in Calgary. Uniformity of grade standards was agreed upon. With agreement among creamery operators established, the Manitoba and Saskatchewan governments agreed to introduce compulsory grading and on 1 May 1923 the system was put in operation.[6]

After approval was given to compulsory cream grading the immediate problem was the selection and training of cream graders. In spring 1923 a "short course" in cream grading was offered in Regina and those who successfully completed this course were dispatched to creameries around Saskatchewan in the first week of May 1923. B.A. Cooke was appointed as chief inspector in charge of cream grading. A cream grader was to grade and classify cream according to the legal standards, to supervise weights and to fill out cream sheets. He was to avoid interfering in any way with the management of the creamery to which he was assigned and was expected to assist with the work of the creamery.[7]

Creamery managers received cream graders with mixed feelings. After all, cream graders were taking over a very important function previously performed by managers. The newly-recruited cream graders had to be diplomats as well as proficient cream graders and, as far as J.A. Caulder was concerned, they had also to be workers. On one occasion, Caulder wished to have a cream grader do his work at more than one creamery. He wrote, "Will you please give him the authority. We known he doesn't like work but we are going to insist on him doing a day's work, and no more."[8] More serious complaints regarding the cream grading scheme were associated with inconsistencies that favoured one company over another.

The system of cream grading whereby a government grader was stationed at nearly every creamery was expensive. Because of the seasonal nature of butter production in Saskatchewan many graders had to be laid off during the winter months. In spring 1927 the resident graders at individual creameries were replaced by fieldmen placed in charge of the work in a territory served by a number of creameries. The fieldmen checked the grading and testing of cream at irregular intervals, but the actual grading was once again in the hands of the man responsible for the quality of butter. Dairy fieldmen were to spend a portion of their time visiting farmers, giving instructions and information regarding herd management and milk production, with emphasis on quality improvement. They were to inspect creameries and to work with buttermakers with a view to improving the quality of butter. Obviously, fieldmen had to have professional training that went beyond cream grading.

Under the new system the government hired the necessary staff. The dairy commissioner was to prepare an annual budget to cover the estimated costs of the service and to obtain approval for his estimate from a meeting of representatives of the creamery operators. The funds to cover this budget were to be raised by a levy on all creameries. The levy varied with the volume of butterfat purchased at each. If, in the opinion of the dairy commissioner, the volume of cream purchased at a creamery warranted the placement of a resident cream grader, he was empowered to take that action. The head of the dairy department of the College of Agriculture of Saskatoon was to act as a referee whose decision was final in any dispute arising out of the cream grading levy. If any creamery failed to meet its obligations the Minister of Agriculture was empowered to revoke its creamery license. By 1929, the new system of cream grading was firmly established. The province was divided into eight districts with one or more fieldmen assigned to each.[9]

Butter Grading

Butter, unlike cream, was exported from Canada. However, the federal government did not introduce compulsory butter grading until April 1923. The government had introduced, in 1919, the "Dominion Educational Butter Scoring Contest" under which four creameries from each province sent samples of butter to be graded at a Montréal warehouse during the first week in each month from May to October. The purpose of the contest was to promote uniformity in the quality of Canadian butter in order to bring about the production of the butter most in demand in export markets. The butter samples were retained by the federal government to be used for demonstration purposes at dairy conventions and dairy schools where they would be of educational value.[10]

When federal grading for export purposes was introduced in 1923, arrangements were made with the three prairie provinces whereby provincial butter graders acted as Dominion graders when it was necessary to grade butter for export. The federal Minister of Agriculture explained that, "It was felt undesirable to introduce any system that would cause serious dislocation or interruption to the established practices unless there was good reason for doing so. In drafting the grading system in the export trade the department had endeavored to permit the handling of dairy products along the usual lines as far as possible. . . ."[11]

By 1925 this system of grading butter for export was under severe strain for two reasons. P.C. Kidd, who had replaced P.E. Reed as dairy commissioner for a short time, reported in 1925 that grading for provincial purposes had increased by 44 percent and that grading for export purposes had increased between 300 and 400 percent.[12] As Saskatchewan had only three butter graders, H.J. Crowe, S.P. Broby and O.B. Hartley, the amount to be graded was becoming too great to be handled. The overload of work was accentuated when Hartley, after four years in the provincial service, resigned to join the federal grading service at Montréal. The other problem associated with the system of grading was that there was the possibility of duplication. By 1925 butter dealers had found it possible to have butter graded for export in the province and at Montréal. They then obtained both provincial and federal grade certificates and marketed butter under the most favourable score. Usually, this was the grade given by the provincial grader because the butter had been in storage for some time before it was graded at Montréal.[13] Such circumstances led to a decision, taken in December 1925, to discontinue the issuance of provincial grade certificates as of 1 January 1926.

This created a problem for Saskatchewan creamery operators in that only butter for export would be graded. When the creamery operators discovered that no provincial grading was to be done they requested that the educational aspect of butter grading be continued. In June 1926 Reed announced the establishment of a Provincial Educational Butter Scoring Service at Regina. The provincial Department of Agriculture invited all creameries in the province to send seven-pound samples to be scored by provincial graders. H.J. Crowe, who was now a federal produce grader in charge of federal grading in southern Saskatchewan, was to supervise this work. E.H. Light was in charge of federal grading in northern Saskatchewan.[14]

On 1 March 1927 Reed wrote to J. Burgess, the federal government's Chief of the Division of Dairy Produce, and asked, "Would it be possible for you to consider incorporating in your work an educational service including grading a sample from every churning?" The answer was favourable and effective 1 June 1927 the provincial butter grading service was discontinued and federal graders took charge of all butter grading in Saskatchewan.[15] When the province ceased to grade butter P.E. Reed paid a tribute to most of those who contributed to the success of the provincial programme. He stated:

> In connection with the termination of the provincial butter grading I desire to express appreciation of the splendid service given to the industry and to the department by the men who have, during the years, served on the butter grading staff, a position of responsibility and requiring expert knowledges and skill. The educational scoring was commenced in 1913 by K.G. MacKay, who later left the service to join the staff of the University of Saskatchewan. The next year H.J. Crowe was appointed and he continued with the work so long as it was handled by this branch and then transferred to the federal service and is still in charge of the Regina grading station on his fifteenth year of continuous and signally satisfactory service to Saskatchewan dairying. S.P. Broby also gave a long term of valuable service, having been in charge of the grading station at Saskatoon from the spring of 1919 till the federal department took over the work. O.B. Hartley and R.J. Carleton also gave several years of faithful service in this work and with Mr. Broby they also joined the federal department when their western grading staff was organized. I also wish to express personal thanks and give the highest commendation of the very excellent service given by Miss Ethel A. Walker, who for nearly eight years was in charge of the moisture and salt testing work at the Regina grading station and also compiled the records of all the grading done in the province. The butter grading being now an exclusively federal government activity it will be impossible to give the detailed reports of the grading and butter shipments included in former reports of this branch.[16]

Reed could have added the name of Miss E.M. Dickson, an office assistant to the butter graders, who also worked hours of overtime.

Cow Testing Centres and Herd Improvement Associations

The federal government policy designed to assist farmers in testing the productive capacity of cows in their herds has already been described. It has also been pointed out that, in 1917, the federal government ceased to support dairy record centres and enlisted the aid of cheese and butter manufacturers to test milk for its butterfat content. When the Dominion government divorced itself from the programme of testing grade cattle in 1920, the provincial government continued the policy that the Dominion government had adopted in 1917.

Under this system the owners of dairy herds could form a testing centre and appoint someone to be their official tester — usually a local creamery manager. The herd owner was to record the weight of milk received from each cow on test on three days of each month and was to deliver a sample to the official tester. The official tester was to test the sample for butterfat content and forward the results, together with the weights as recorded by the farmer, to the Department of Agriculture. The Department compiled a record for each cow and returned the results to the herd owner. The government paid official testers twelve cents for each test they made. The equipment required by the farmer included a spring balance scale, a sample dipper, one sample bottle for each cow in his herd, and a sample box. The total cost of such equipment for a herd of twelve cows was four dollars.[17]

The cow testing plan as carried out through so-called cow testing centres was virtually costless to farmers; or so the government thought. The lack of enthusiasm with which the provincial programme was received was a source of puzzlement. In reply to a report submitted by C.E. Thomas, P.E. Reed replied:

> Your report on the Speers district looks hopeful for getting a testing centre organized there. I think a great deal of the success of the centre depends on the local tester and with this in view considerable care should be exercised to try to get a good man to take up the work. It is unfortunate and somewhat strange that it does require so much attention and nursing to induce the inexperienced dairyman to do this work which is all for his own good, but it would seem such nursing is necessary and the best man to do it is a thoroughly interested local tester.[18]

Reed could have used the adjective "diversified" instead of "inexperienced". He did not consider the true cost of the farmer, the opportunity costs measured in labour time.

Many of the activities associated with dairying competed for farmers' labour at crucial seasons of the year. It was not the complementary activity to wheat growing and beef cattle raising that many assumed it to be. Thus, in spite of C.E. Thomas, whose efforts to promote cow testing centres went far beyond the call of duty (one could have called him a crusader, rather than a civil servant), it was difficult to induce farmers to continue testing.[19] Because of these difficulties the Saskatchewan Dairy Association introduced yet another contest to promote cow testing, while Moose Jaw district farmers introduced an alternative to the cow testing centres — a herd improvement association.

In spring 1918 the Dairy Association decided to promote an annual award of twenty-five dollars to the winners of a boys' and girls' competition for the best kept herd record book. Such a contest was designed to cultivate good habits regarding herd testing among Saskatchewan's future farmers. It would also cultivate the division of labour necessary on a diversified farm.[20]

It is not surprising that the Moose Jaw district was the first to replace the cow testing centre with a more satisfactory organization within which the performance of cows would be recorded. This was the dairy herd improvement association. Moose Jaw district farmers had seen cow testing procedures introduced by the Moose Jaw Dairy Company as early as 1911. They were also witnesses to the achievements of the premier Holstein breeder in Saskatchewan, B.H. Thomson. By 1927, Thomson's herd of purebred Holstein-Friesian cattle was justly famous, not only in Saskatchewan but in North America. On 17 January 1927 the *Moose Jaw Evening Times* announced that one of Thomson's cows, Flossy Segis Ormsby, had become a Canadian record holder for the production of butterfat. Flossy had produced 21,800 pounds of milk and 980 pounds of butterfat over a ten-month period.[21] This achievement was given wide publicity by the Department of Agriculture. It was emphasized that Saskatchewan-grown feed had been used and that no unusual efforts had been made to protect the cow from Saskatchewan's harsh environment.

Thomson's crowning achievement, greeted particularly enthusiastically by those who knew Saskatchewan's harsh climate, was the breeding of a world champion cow, Canary Korndyke Alcarta. In autumn 1928 it was announced that Canary had produced 1,080 pounds of butterfat over a 305-day test — a new world record. Thomson received large cash offers from breeders all over North America and, at the request of the Dairy Association, creamery operators and others, the Saskatchewan government purchased Canary for $10,000 and stabled her at the University of Saskatchewan until her death in 1931.[22] The record of Canary Korndyke Alcarta was the Saskatchewan dairy industry's best promotion to that time.

The essential difference between cow testing centres and herd improvement associations was that the centres required individual farmers to be responsible for weighing their cows' milk, taking samples and keeping records, while associations hired specialists to travel from farm to farm to perform those duties. The Moose Jaw Herd Association began testing on 1 June 1927 after the Moose Jaw Milk Producers' Society requested and received the assistance of the dairy branch in its formation. B.H. Thomson not only set an example for Moose Jaw farmers but assisted in the association's formation. In a letter to P.E. Reed, he wrote, "I have worked under cover here on this as I thought the others would be more interested if they could be got to take the responsibility in the matter and also with it the credit for it."[23]

The formation of the Moose Jaw Herd Improvement Association required that at least twenty herd owners sign a contract agreeing to the terms of testing. This meant they agreed to pay testing fees to the dairy branch which, in turn, contributed $50 each month toward the payment of the resident tester's salary. The resident official tester was to visit the herds of each association member at least once a month to supervise the weighing of milk and the testing of samples of each cow's milk production. Each herd owner agreed to provide food and lodging for the official while he worked on that farm and to transport him to his next destination. The testing period for a herd was one year. A certificate of production was issued to the owner of a cow that met certain standards of production for her age. The first official tester engaged by P.E. Reed for the Moose Jaw Herd Improvement Association was W.J. Cowie.[24]

The support given to the Moose Jaw Herd Improvement Association by the provincial Department of Agriculture was a recognition of the limitations of cow testing centres. Clearly, the most efficient way of conducting cow testing involved the use of specialized resources and a relatively high degree of commitment to the dairy herd on the farmer's part. The highly diversified farmer counted the benefits derived from such testing and found them unequal to the extra cost. However, the success of the Moose Jaw Herd Improvement Association attracted considerable attention and this led to the formation of other associations. One was formed at Guernsey in autumn 1928. In 1929 two more were formed, one at Saskatoon, the other at Warman. Three associations were formed in 1930 and one in 1931. The depression curbed further expansion, so it was not until 1942 that an eighth association was formed at Yorkton. By 1950, eleven associations had been organized.[25]

Nonetheless, it remained important to provide tangible evidence of progress and yardsticks of comparison to maintain interest in cow testing. To this end, the dairy branch and the Saskatchewan Dairy Association introduced certificates of performance and prizes for excellence. Competitions were introduced to create interest and to provide a basis for comparison among the dairy herds on tests. Table 5.2 summarizes the progress of cow testing under the Saskatchewan Cow Testing Centre and the Herd Improvement Association schemes from the time the Dominion government's cow testing programme in 1914 to 1939.

TABLE 5.2
HERDS UNDER TEST IN SASKATCHEWAN, 1914-1939

Year	Number of Herds	Number of Cows	Cows per Herd	Average for Cows Under Test For Eight Months or More	
				Milk (lbs.)	Butterfat (lbs.)
1914	30	151	5.03	n.a.	n.a.
1915	30	150	5.00	n.a.	n.a.
1916	52	208	4.10	n.a.	n.a.
1917	51	209	4.10	n.a.	n.a.
1918	Change in Policy. No data available.			n.a.	n.a.
1919	8	44	5.50	n.a.	n.a.
1920	10	114	11.40	n.a.	n.a.
1921	24	189	7.88	6,656	235.5
1922	40	313	7.83	6,072	219.8
1923	76	585	7.70	5,990	217.3
1924	112	879	7.85	6,519	241.9
1925	96	812	8.46	6,751	248.3
1926	119	1,068	8.97	7,197	259.8
1927	114	1,083	9.50	7,109	261.0
1928	149	1,423	9.55	7,463	264.3
1929	189	1,917	10.14	7,525	271.9
1930	293	2,768	9.45	7,658	271.0
1931	355	3,814	10.74	7,921	286.5
1932	354	3,587	10.13	7,645	278.4
1933	322	3,089	9.59	7,355	270.3
1934	286	2,825	9.88	7,351	268.9
1935	217	2,230	10.26	7,718	277.9
1936	197	2,206	11.20	7,873	285.5
1937	182	1,886	10.36	7,549	275.3
1938	154	1,731	11.24	8,063	294.8
1939	172	2,095	12.18	8,461	310.6

Source: Saskatchewan, Department of Agriculture, *Annual Report, 1946*, 59; and *History and Development of Herd Improvement Work in the Province of Saskatchewan*, A Fourth Year Thesis by W.J. Cowie, Ontario Agricultural College, 1931.

Boys' and Girls' Calf Clubs

Boys' and Girls' Calf Clubs had been organized and supervised by the Department of Education before 1929, but the dairy branch of the Department of Agriculture became directly involved in calf clubs that year when its employee, Eric Beveridge, helped to organize a calf club affiliated with the Moose Jaw Herd Improvement Association. Before 1929 calf clubs had been informal groups often sponsored by local agricultural societies. When the dairy branch became more directly involved, Reed expressed the view that such clubs should continue to be organized through some adult organization and that, "... the object of a Calf Club is to develop dairymen out of boys and girls and that it is the boy and the girl rather than the calf that we are specially concerned with and that if we can succeed in impressing on a boy what constitutes good dairy type, what good fitting and handling will do for a calf and thirdly, that dairying is a business and a science worthy of their very best effort and application, then we have attained our range."[26]

In 1942, J.E. Ridley, Supervisor of Herd Improvement Services in the dairy branch, and Professor J.G. Rayner, Director of Extension, University of Saskatchewan, agreed that the responsibility for supervising the province's Boys' and Girls' Calf Clubs should be turned over to the university's extension department. E.E. Brockelbank was placed in charge and he set out new rules for each calf club to follow. Club members were to be under twenty-one years of age, a club was to have at least eight members, there was to be an adult advisory committee, and each club was to hold a club fair or achievement day when the calves would be judged and prizes awarded. The first inter-club competition had been held in Saskatoon in 1939 and the first Saskatchewan team to enter an inter-provincial competition did so at Toronto in 1944.[27] Calf clubs were considered to be an important element in the dairy branch's educational programme.

The Better Sire Campaign and the Purebred Sires Areas Act

Herd improvement was an important facet of dairy policy, and the Dominion government would lend bulls to farmers' associations, while the Saskatchewan government would extend credit for the purchase of purebred bulls. Saskatchewan farmers responded poorly to these opportunities, however, and the *Report of the Department of Agriculture for Saskatchewan* in 1921 stated:

> In cattle raising there is very great need for the use of better sires, and it is gratifying to know that the demand for better bulls is increasing but, while much has been done to improve the standard of cattle and increase the number of pure bred bulls in the province, a very great deal yet remains to be accomplished.
>
> ... it is believed that a more intensive campaign for the improvement of stock should be initiated known as a 'Better Bull Campaign.'

This campaign, the *Report* stated, had the support of the Saskatchewan Cattle Breeders' Association and the Saskatchewan Stock Growers' Association. It was to be aimed primarily at hundreds of farmers raising cattle in a small way (the diversified farmer) for whom purebred bulls were too costly. J.H. Ross, an employee of the livestock branch, was to devote most of his time to the campaign which was to last for "at least two or three years." Public meetings, leaflets and bulletins, and motion picture films were to be used to advertise and to illustrate the availability of and the advantages of purebred bulls.[29]

In spring 1921, it was decided to run a "Better Bull Train" in conjunction with the educational campaign. The train, run with the co-operation of the

Canadian Pacific Railway, was to carry purebred bulls to farmers. It was the first project of its type in Canada, and it was described as follows:

> The Live Stock Branch of the Saskatchewan Department of Agriculture is about to run the first Better Bull Train to be operated in Canada, which is billed to start, combined with Agricultural Instructors Cars, from Estevan on June 27 and which will proceed over Canadian Pacific Railway Lines in the southeastern part of the province. Pure Bred Bulls of the Shorthorn, Hereford, Angus, Holstein and Ayrshire breeds will be carried, all tested for tuberculosis, which the farmers may purchase at prices ranging from $175 to $375 either for cash or on credit terms.... Further the train will offer to owners of scrub bulls an opportunity to dispose of them.... The officials will purchase outright the scrub bulls at the current market price per pound, probably 3 to 4 cents per pound, and apply the amount to the purchase of a purebred bull. Or... they will take the scrub bull... and ship him to the public stock yards.... the train is to make two stops daily, the farmers will have a great opportunity both to get a desirable sire and to get rid of their scrub.[30]

The first "Better Bull Train" began its journey at Estevan on 27 June 1921 and proceeded to Neptune. It then returned through Estevan, east to the Manitoba border, and thence to Gainsborough. Twenty-one purebred bulls were placed, five were exchanged and several scrubs purchased.[31]

The experiment was deemed a success. In 1922, the CPR outfitted a train of from eight to ten cars and operated it free of charge, running it from Moose Jaw to Macklin, and returning to Regina via Saskatoon. The trip began on 29 May and ended on 5 July. Fifty-eight stops were made and sixty-two purebred bulls were sold. The total consisted of forty Shorthorns, seven Herefords, seven Aberdeen Angus, and eight Holsteins. Thirty-nine scrubs were purchased and of these twenty-two were shipped to central markets for slaughter.[32]

In addition to selling bulls from the train, animals were exhibited at all the larger fairs in the province. These animals, too, were for sale for cash or on credit. In 1922 a special carload of purebred bulls was sold in the Cudworth district. In addition, a "Better Bull Film" was shown at meetings held in conjunction with the "Better Bull Train." This work was continued until 1926. Table 5.3 summarizes the work.[33]

TABLE 5.3
SASKATCHEWAN BETTER LIVESTOCK TRAIN

Year Operated	Railway	Stations Visited	Bulls Sold	Visitors
1921	CPR[a]	21	26	5,200
1922	CPR	58	62	15,700
1923		not operated		
1924	CNR[b]	70	74	40,366
1925	CPR	77	72	34,850
1926	CPR	29	39	8,240

[a] CPR = Canadian Pacific Railway
[b] CNR = Canadian National Railway

By the end of 1926, the special educational work conducted by the livestock branch had had its effect. The Saskatchewan Legislature saw fit to enact *The Pure Bred Sire Areas Act* which came into effect on 1 May 1927.[34]

Press releases as to the nature of the provisions of this act make it clear that it was the culmination of previous work. The report in the *Moose Jaw Times* stated:

> 'What is believed to be the most advanced legislation not only in the Dominion of Canada, but also for the entire continent of North America, has recently been passed by the Saskatchewan legislature, looking toward the elimination of scrub bulls,' states Mr. J.G. Robertson, Live Stock Commissioner for this province.
>
> 'The Act also provides for the elimination of unregistered stallions, rams and boars, but as the majority of the stallions, rams and boars are pure bred now, the main struggle will be to wipe out the scrub bull.
>
> 'The Act provides that any municipal area in the province may be erected into a Pure Bred Sire Area upon receipt of a resolution requesting same from the council of the rural municipality, accompanied by a petition signed by a considerable majority of the ratepayers in that municipality. The Act also states that this Area must be approved by the Minister of Agriculture and erected by order of the Lieutenant-Governor-in-Council.
>
> 'When a municipality is erected into a Pure Bred Sire Area no persons within its boundaries may own, keep, travel, stand, use for breeding purposes, or pasture any stallion, bull, ram or boar unless it is of pure breeding. The Act also provides for a Live Stock Sires Licensing Board, and if the municipality so requests, all pure bred sires shall be examined, and only those of good type and conformation licensed.
>
> 'These are advanced steps, but after the Better Sires Campaign (commonly known as the 'Better Bull Campaign') the better Livestock Trains, and the opportunities available for the purchase or rental of pure bred sires, there is no doubt that many of the municipalities are ready to take these steps.'[35]

The phrase "majority of ratepayers" was later changed to read "majority of stockowners." In implementing this policy of compulsion the government was most cautious to ensure that a substantial majority of the stockowners in an area favoured the idea. The first purebred sire area to be established consisted of six rural municipalities near Last Mountain Lake. By spring 1928 more than twenty municipalities had made application for a purebred sire area. Fifty-two others had requested information.[36]

Once approval for a purebred sire area had been given it was necessary to survey the entire area to take a census of the livestock population. When the compulsory measures were deemed to be inevitable many farmers disposed of their grade and scrub sires. In the Last Mountain Lake area, for example, purebred bulls had increased by fifty-four head between 1926 and 1927, while scrubs had declined by 1,146 head. Government inspectors assisted the owners of unregistered purebreds to secure registration and they castrated scrubs when requested to do so. The railways offered to transport purebred sires into, and to transport scrubs out of, a designated area free of charge.

Bovine Tuberculosis — the Greatest Health Hazard in Milk

When the Dominion government introduced its plan of assistance to urban municipalities to eradicate bovine tuberculosis in May 1914 the assistance was limited to cities and towns of not less than five thousand persons. In 1917, new regulations were issued which broadened this assistance by removing the population constraint. Assistance could now be granted to all urban municipalities, regardless of size, if the necessary by-law had been put into effect. The new regulations also distinguished between "raw milk dairies" and "pasteurized milk dairies." Milk from a herd containing reactors was not to be sold except to a dairy company equipped with pasteurization equipment capable of proper pasteurization as defined in the regulations issued on 16 April 1917.[37]

A further step was taken to bring bovine tuberculosis under control when the Dominion government, on 20 September 1919, established regulations for the formation and maintenance of "accredited herds of tuberculosis free cattle."[38] An accredited herd was defined to be one in which no animal affected with tuberculosis had been found upon two annual or three semi-annual tuberculin tests. No cattle were to be allowed to associate with such a herd unless they had been tested. All transfers of cattle from or to an accredited herd were to be reported to the Veterinary Director General. All milk fed to calves was to come from cows in the accredited herd or it was to be pasteurized. Strict compliance with the regulations was to entitle the owner to a certificate, to be valid for one year, which stated, "Tuberculosis-Free Accredited Herd."

On 4 November 1922 the federal government, by Order-in-Council, moved to establish "restricted areas for the eradication of bovine tuberculosis."[39] Under the regulations an application could be made to the federal Department of Agriculture by a provincial Minister of Agriculture stating that the province desired federal aid to eradicate tuberculosis from a restricted area. The application was to designate the location and the boundaries of the proposed area and the approximate number of cattle in it. A majority of at least two-thirds of the cattle owners in the area were to be in favour of the restricted area. Cattle in transit across a restricted area were not to be unloaded unless in a quarantine zone, and cattle were not to be driven across the area, except by permission. All cattle in the area were to be tuberculosis free. Animals could not be fed the by-products of cheese and butter factories unless these products were first sterilized. The first restricted area for the eradication of bovine tuberculosis in Saskatchewan, known as the Last Mountain Restricted Area, was established in 1927 and comprised six municipalities to the east of Last Mountain Lake. By 1931, there were twenty-six municipalities in several "restricted areas" in Saskatchewan.[40]

Government Regulations and Fluid Milk Standards

The Dominion government and the provincial governments had been granted concurrent powers in agricultural legislation by the *British North America Act*, and both federal and provincial regulations were applied to dairy products. It was not until the 1920s that attempts were made to co-ordinate the legislative provisions and executive orders of each level of government, as they pertained to health standards for dairy products. Within the province of Saskatchewan it was found necessary to sort out those things which should be the responsibility of the Department of Agriculture, the Bureau of Public Health, and, after 1923, the Department of Public Health. Both the Dominion parliament and the provincial legislatures avoided controversial issues, such as compulsory pasteurization, by the convenient assumption that such matters were best left to municipal authorities.

The Saskatchewan government had established regulations governing the production and sale of milk in 1910. New regulations were issued by a provincial Order-in-Council on 17 July 1922.[41] Significantly, the new regulations, which replaced those of 1910, were issued as a result of a report from the Minister in charge of the Bureau of Public Health. On 22 March 1923, by *An Act to Amend the Public Health Act*, the Bureau of Public Health of the province of Saskatchewan was made a Department of Public Health.[42] The amending act added to the powers of the new Minister of Public Health by giving him the authority to define standards for milk, cream, and ice cream offered for sale in the province. (At a meeting of the Dominion Council of Health held in 1922 the Dominion government had agreed to allow provinces to regulate the production and sale of milk and milk products, except those products destined for sale outside the province).[43]

New regulations with regard to the production and sale of milk, which superceded those established on 17 July 1922, were established on 15 July 1923.[44] The new regulations were made under provisions in the *Public Health Act* and they defined standards for milk, skim milk, remade milk, pasteurized milk, certified milk, cream and ice cream. Pure milk was to contain not less than 3.25 percent fat and not less than 12 percent solids. Pasteurized milk was defined as milk which had been heated to not less than 145 degrees Fahrenheit and not more than 150 degrees Fahrenheit and held there for not less than thirty minutes. Pasteurized milk was not to contain, on delivery, more than 100,000 bacteria per cubic centimeter from June to September and not more than 50,000 from October to May. Every pasteurizing plant was to be equipped with an approved type of thermal recorder.

In 1916 municipal by-laws and regulations regarding milk supplies were made subject to the approval of the provincial dairy commissioner. The fact that there was a conflict of interest in this arrangement was made apparent when W.A. Wilson refused to approve the milk by-law of the city of Regina. This conflict was resolved in the early 1920s. In 1922, the Bureau of Public Health, in co-operation with the dairy branch of the Department of Agriculture and the Department of Municipal Affairs, prepared a draft by-law which was to serve as a model for municipal governing bodies. The model by-law was so designed that any municipality adopting it would become eligible for the Dominion government's offer to test dairy herds for tuberculosis.[45] The dairy commissioner could report, in 1924, "The demand from towns and villages of Saskatchewan for a safe and clean milk supply is increasing rapidly. From 1916, when legislation requiring the approval of the Dairy Commissioner for milk ordinances was passed, until April 30, 1923, there were only 10 cities and towns which received such approval. During the period covered by this report, 67 additional towns and villages have secured approval of milk by-laws. In each of these by-laws approved provision has been made for the testing of herds for tuberculosis."[46] (See Appendix B for the draft by-law issued in 1922.)

The act which established a Department of Public Health gave the new minister supervision over the licensing of the owners of dairy herds, dairy depots and dairies. As the dairy commissioner explained, "At the 1922-1923 session of the Saskatchewan Legislature a number of amendments to the *Public Health Act* were passed, some of which affected the regulation of the municipal milk supply. The distribution of milk in towns and cities becoming particularly a health question, the supervision of regulations governing this will hereafter be left entirely to the Department of Public Health. Under existing legislation milk ordinances still require the approval of the Dairy Commissioner, but the attention of that official will be given more particularly to sections referring to problems of milk production than to health matters."[47]

The Establishment of a Provincial Dairy Laboratory

Butter grading did much to improve the quality of butter produced in Saskatchewan. However, butter graders could do little to prevent the occurrence of unusual defects in the butter. One such defect that plagued Saskatchewan creamery men in the 1920s was the development of a mould in the butter. In May 1925 a special service was established at the University of Saskatchewan to deal with this problem. Samples of butter were to be sent there for analysis and a report was to be prepared for the buttermaker. Recommendations were to be made as to the steps to take to remove mould contamination. V.E. Graham, a dairy instructor at the University, was placed in charge of this service.[48]

The mould problem, along with others, prompted P.E. Reed to recommend that a provincial laboratory be set up which would specialize in the analysis of butter defects. By June 1928 it was decided to set up such a laboratory in the cold storage facilities of the Saskatchewan Co-operative Creameries Company in Regina, directly over the floor where federal grading was done. At first, Miss E. Bredt, who was a dairy branch employee, was placed in charge of the laboratory work, which began on 1 September 1928. The laboratory's work gradually expanded to include salt tests.[49] D.H. McCallum took charge and held his post until 1938, when he was succeeded by E.A. Howrie.[50] Reports of tests were made available to buttermakers and fieldmen promptly and, as a result, improvements were made to the quality of Saskatchewan butter.

Government Policy and the Cheese Industry

From the earliest days of settlement in the Canadian west, there was uncertainty as to how best to market milk. The market for fluid milk was limited and the choice of a commercially viable dairy product narrowed to a choice between butter and cheese. The experience gained by men such as E.N. Hopkins led to the conclusion that conditions on the western prairies were not similar to those in Ontario, and that butter production was economically viable while cheese production was not. In 1896, William Watson stressed the advantages of butter factories over cheese factories in a speaking tour of the Northwest Territories. W.A. Wilson, in his capacity as Superintendent of Dominion Government Creameries, concluded that, in order to develop the dairy industry on the plains, the manufacture of cheese should be ignored, if not discouraged.

The 1890s witnessed many attempts to establish cheese factories in what was to become known as the Wheat Province. By the time the province of Saskatchewan was formed, only Jean Legaré's Willow Bunch factory was still producing cheese. When Legaré wrote to Premier Scott in spring 1906 to request government assistance for the establishment of a creamery at Willow Bunch, W.A. Wilson recommended that no government assistance be given.[51] However, his recommendation was not followed because the provincial government, by Order-in-Council, purchased a four thousand-pound cheese vat and ten thirty-gallon milk cans for use at Willow Bunch.[52] This was the first and last direct government aid to cheese factories in Saskatchewan until the 1970s. The fact that Legaré's cheese factory was converted into a general store in 1909 was further evidence that government assistance to cheese factories had few long-run economic benefits to recommend it.

The first new cheese manufacturing establishment of record after the formation of the province was that of Napoléon Lemieux. Lemieux established a factory southeast of Edam, near St. Hippolyte, in 1909. The following letter clearly shows that one of the problems he faced was that of marketing:

> St. Hippolyte, July 12th, 1910
>
> Department of Agriculture,
> Regina
>
> Dear Sir:
>
> We have started last year a cheese factory in our district.
>
> We have always heard that your government is doing his best in the way to help all which is done in that line.
>
> So to-day we'll like to explain our situation.
>
> We manufactured last year 2000 lbs. of cheese which is first class.
>
> We have a hard time to sell it but this year our production having increased it is nearly impossible for us to market it.
>
> Would you be kind enough to help us in our case by good advice in telling us how the other cheese factories do to get right [*sic*] of the products.
>
> Your obedient servant,
> Napoléon Lemieux[53]

W.A. Wilson, in his reply to Lemieux, merely referred the cheesemaker to wholesalers in Calgary, Vancouver, and Winnipeg. It was at this time that Wilson was establishing government marketing services for the butter produced at government creameries. He did not seize this opportunity to include cheese in his marketing policies. The factory at St. Hippolyte produced cheese until 1918.[54]

There were other small cheese factories in operation in Saskatchewan before 1918. In his annual report for the year 1912, Wilson listed the difficulties facing cheese factories and stated:

> Until [these difficulties] are overcome there will be no permanent development of this work, and I do not look for suitable conditions for another fifteen or twenty years. By that time the creamery industry will be so well established that the change will not be in demand. At the present time there are three small factories doing business at farm homes and handling the milk supply of a few of their neighbours. The owners carry on the business in connection with other farm work and do not depend upon the revenue from the cheese factory. There appears to be a very ready sale for the goods but the supply is so limited that it really does not constitute a factor in the western market.[55]

Of course, it was Wilson's policy to make Saskatchewan's butter production a significant factor in western and in export markets. It is usually easier to predict the future accurately when one has a hand in shaping it.

Cheese production was at a severe disadvantage before settlement had become consolidated and when milk had to be transported long distances to a factory. The closing of the frontier of settlement by the 1920s meant that further expansion of the population of Saskatchewan would be related to consolidation. This was reflected in an increase in cheese manufacturing establishments. By 1926 ten "cheese factories" operated.[56] The dairy branch of the Department of Agriculture began to take notice and in June of 1927 L.M. Silcox, a graduate of the Ontario Agricultural College, was appointed to be an instructor in cheesemaking. Silcox had practical experience as a cheesemaker in Ontario, and he was to supervise cheese factories to assist their owners to overcome the many problems with which they were confronted.[57] That Silcox faced a formidable task can best be illustrated by reference to the nature of the cheese factories in Saskatchewan.

La Société Commerciale D'Albertville was organized in Albertville, a village north of Prince Albert. This partnership engaged in several commercial ventures and in April 1918 decided to add to its undertakings the manufacture of cheese. The factory at Albertville began to produce cheese on 1 July 1918.[58]

The Albertville factory operated within the milk shed of the creamery at Henribourg. As the *Le Patriote De L'Ouest* commented, "Opinions are divided between the advantages of a government creamery at Henribourg and the cheese factory at Albertville. One way or the other, it seems best to encourage both."[59] The problem was that the available milk supply could not support both and, in this case, the cheese factory outlived the creamery. The Henribourg creamery was sold to the Prince Albert Creamery Company in 1924 and was converted to a cheese factory. It was destroyed by fire in 1929.[60] The Albertville factory operated each year from 1918 to 1941.[61] This record was probably related to the influence of a French Canadian culture, the support of the Roman Catholic Church, and a community spirit, rather than commercial success in the economic sense.

The consolidation of settlement was reflected in a keener interest in cheese production in 1923. Indeed, P. Burns and Company installed cheese-making equipment at plants in Moose Jaw and Indian Head. (Actually, the equipment was installed on the MacKay Dairy Farm at Indian Head). E. Randolph, manager of the Burns operation at Moose Jaw, said that the cheese factory there was designed to absorb a surplus of milk in the area.[62] The Moose Jaw factory produced cheese in 1923 and then closed. The Indian Head operation was shut down in the fall of 1923, and an inadequate milk suply precluded any possibility that it would re-open.[63]

In 1924 the Central Creamery Company in Saskatoon, under the management of C.F. Christenson, began to produce cheese and the Saskatchewan Co-operative Creameries Company, under its new manager, A.P. MacLean, began to produce cheese at Regina.[64] Central Creamery was sold to M.J. Scott, who in turn sold to J.A. Caulder. Caulder put an end to cheese production in Saskatoon in 1926 and, after the amalgamation of Caulder's Creameries with the co-operative company in 1927, the latter ceased to produce cheese. When the motive for operating a cheese factory was purely economic it soon closed its doors. A possible exception was the Prince Albert Creamery Company which manufactured cheese at Parkside from 1926-28, at Henribourg from 1924-29 and at Debden after 1928.

Cheese production in Saskatchewan in the 1920s was usually undertaken in small buildings without the use of elaborate equipment. In fact, cheese vats and cheese presses could be moved readily from one location to another. Some cheese factories were organized by the members of a community and operated on a "co-operative" basis in the sense that a cheesemaker was hired, paid a few cents for each pound of cheese produced, with the proceeds from the sale of the cheese divided among those who had supplied milk. Two cheese factories were individual proprietorships.

Napoléon Lemieux and his son, Raoul, were active cheesemakers in the 1920s. After their factory near Edam closed in 1918, the Edam community hired Raoul Lemieux to manage a factory there. This factory was organized in 1923 as a co-operative, and Lemieux was paid four cents for each pound of cheese he produced. The cheese was sold locally and in the Winnipeg market at from twelve to fifteen cents per pound. This factory closed in 1926.[65] Meanwhile, Napoléon Lemieux was hired to be cheesemaker at a factory established in Prud'homme in 1924. The owners of this factory charged farmers a "making fee" of four and one-half to five cents per pound.[66] This factory operated intermittently and with several different cheesemakers until 1943, when it was acquired by the Saskatoon Dairy Pool.

It was in 1924 that Bruno Lemire first made his appearance as a cheesemaker in Saskatchewan. Lemire owned cheesemaking equipment which he moved from one location to another. In 1924 he manufactured cheese for the Duck Lake Cheese Factory Company. This company had been formed to acquire a cheese factory in Duck Lake built by Ernestine Gagnier.[67] The Duck Lake factory did not produce cheese after 1925, but records show that Lemire manufactured cheese at Big River in 1927, at Boutin in 1932, and at Mattes in 1934. Lemire's son, René, manufactured cheese at Boutin after 1932.[68]

La Fromagerie Model Limitée at Debden was incorporated in 1924.[69] This factory was sold to the Prince Albert Creamery Company in 1928, re-sold to the Saskatchewan Dairy Pool in 1940, and cheese was manufactured there until 1953.

The interest in cheese production in Saskatchewan's northern areas continued in 1925. The dairy commissioner explained this by saying that, "Districts where people from Eastern Ontario and Quebec have settled have naturally turned their thoughts to this branch of dairy production."[70] French influence is evident in the factories established at Le Roy and Zenon Park. The Le Roy Manufacturing and Mercantile Company manufactured cheese at Le Roy from 1925 to 1927, was closed from 1928 to 1930, and was re-opened in 1931.[71] The Zenon Park Cheese factory had been operating in the summer months prior to 1925 and, in 1927, the Zenon Park La Fromagerie Co-operative Marketing Association was incorporated.[72] Sometime between 1927 and 1930 this Co-operative Association failed and several owners operated the factory spasmodically until 1945.

The Guernsey Cheese Producers Limited was organized in Guernsey in 1926. B.B. Shuh managed the factory for two summer season, but the factory was closed eventually, "as the entire milk supply could be disposed of in the city trade."[73] Many cheese factories were viable only if a community had no other means of disposing of surplus milk.

The two cheese factories that were operated as individual proprietorships in the 1920s were at Ernfold and Englefeld. W.C. Doyle erected the Ernfold Cheese Factory in 1925. His cheese presses were capable of producing five pound and thirty pound cheeses and he advertised "Triplet" cheese and "The Famous Five Pound Home Trade Size." Doyle developed his own Holstein herd and handled the milk of other herds in the Ernfold district.[74] His factory operated each year from 1925 to 1940 with the possible exception of 1934. When Jacob Koep sold his creamery in Englefeld in 1926 he opened the Rose Lawn Cheese Factory and manufactured cheese until 1935.[75] In 1927, when Koep began to manufacture cheese, he asked for government marketing assistance. His request, basically, was the same one that Napoléon Lemieux had made of Wilson in 1910. Reed's reply to Koep did not differ in substance from Wilson's seventeen years earlier. He merely gave Koep the names of several wholesalers and commission firms. Reed added, "Mr. Heim of Prince Albert has, I think, regularly marketed cheese for the Henribourg Cheese Factory and he might be in a position to offer you a satisfactory price."[76] There was still no hint that the government would market cheese as it had marketed butter.

The small, almost non-commercial cheese factories established in Saskatchewan had little encouragement from the government and gave, in return, little encouragement to government that the cheese industry could be made economically viable. The larger creamery companies experimented briefly with cheese but the concentrated milk supply necessary for success was not a feature of Saskatchewan dairying. However, government policy with regard to both butter and cheese was based on pre-judgements as to their relative merits. This led to large financial losses as a result of the government's attempts to encourage butter production and in the virtual absence of a cheese-manufacturing policy. This was true with respect to cheese grading as well.

On 20 July 1927, B.A. Cooke, Superintendent of Cream Grading, informed Reed that:

> A question was raised by Mr. Devine at Leroy regarding a possible policy in connection with cheese factories. He thinks there should be a service whereby cheese factories could have their product stored and graded commercially. I explained to him that the Federal Department had charge of grading all manufactured dairy products and we had nothing to do with it. I suggested further that he make his own arrangements re: storing the product, getting in touch with the Sask Coop [*sic*] or Regina Cold Storage to see what service they would give in that connection. His idea is that all cheese factories should combine for storing and grading at a central point and that this should be a public service. I pointed out to him that the appointment of a grader would be out of the question on account of the above but also because a man could grade the whole annual output of Sask. cheese in a day or two.[77]

Reed suggested to Devine that he contact Harry J. Crowe and E. W. Light, federal dairy product graders, and through them make arrangements with Dr. Ruddick, federal dairy commissioner, for the grading of cheese made at any Saskatchewan factory.[78]

Reed had misgivings with regard to federal grading of Saskatchewan cheese for two reasons. One consideration was that "the local market in Saskatchewan will accept and probably prefers a cheese of considerably higher moisture content than what is accepted as correct according to the standards of the Federal Cheese Grading Service." Again, Reed informed R.W. Heim of the Prince Albert Creamery Company that "Mr. Silcox is of the opinion we in Saskatchewan should keep away from federal grading as much as possible where the export business is not a factor at all, and particularly in view of what we might call primitive conditions in the industry in Saskatchewan." He added, "the cheese makers would feel that they were absolutely 'knocked on the head'."[79]

Nevertheless, in May 1928, Reed sent copies of federal regulations on cheese grades to Prud'homme, Ernfold, Zenon Park, LeRoy, Debden, Englefeld, Parkside, and La Société Commericale d'Albertville. He explained to the cheesemakers that Saskatchewan cheese, because it was not destined for export, need not come within the federal grading system. He outlined the method whereby grades were determined and was, presumably, suggesting that any cheesemakers that Saskatchewan cheese, because it was not destined for export, Silcox, in a report written in 1930, stated, "Saskatchewan cheese graded this year has proved to be equal to the finest Canadian cheese."[80]

Cheese production in Saskatchewan expanded in the 1920s. As a result, the dairy branch was faced with the necessity of formulating a policy applicable to cheese. This policy represented little more than the employment of L.M. Silcox to give instructions to cheese factory managers and patrons and to inspect cheese factories. In the decade of the thirties, cheese factory owners formed an association and the Saskatoon Dairy Pool emerged as the major cheese manufacturer in the province.

Conclusion

Dairy policy in the 1920s contributed to substantial improvement in the quality of milk and the quality of the products made from milk. Creditable advances were made in the improvement of dairy herds. The Saskatchewan Dairy Association became independent of government-sponsored creameries. But policies were based on erroneous assumptions. Because of this, dairy officials continued to wonder at the lack of interest in cow testing, better bulls, and the patronage of creameries. And, although it was not the policy of the dairy branch, creameries proliferated in the 1920s and creamery capacity was expanded far beyond need. The steady but slow advances made in the policies pursued by the dairy branch, unfortunately, were far overshadowed by developments in the creamery industry — developments that were, to a large degree, beyond the control of the government.

SIX

COMPETITION, COLLUSION AND COLLAPSE

Introduction

Thirty-eight creameries operated in Saskatchewan in 1918, and eighty-one in 1926. This doubling of the number of creameries in the province was due to two factors. One was competition for territory from which to draw cream — competition which was intensified by the policy of the Saskatchewan Co-operative Creameries Company in blocking the entry of private firms and in squeezing out those already established. Another factor had to do with a conviction that farmers would diversify their farm activities if facilities for converting milk into a marketable product were made available to them. This conviction was held by those associated with the co-operative company and privately-operated creameries.

Competition for cream territory was intense in the 1920s. Paradoxically, collusion was the name of the game with regard to the prices paid to the dairy farmer for his cream. The necessity to compete with creameries in Alberta and Manitoba for cream produced in Saskatchewan was the rationale used to justify collusion regarding prices. Over-expansion of creamery facilities was the reason for it. The farmer did not foresake wheat merely because a creamery provided a market for cream. The proliferation of creameries in Saskatchewan increased the fixed costs of the industry. Butter output did not expand sufficiently to cover increased costs and higher per unit costs resulted. The circle was complete. The collusion that existed among creamery operators in the province was designed to shift the burden of high fixed costs to the producer of cream. This, in turn, did nothing to encourage greater cream production. Decisions based on fallacious assumptions led to collapse.

Competition

When the Crescent Creamery Company of Winnipeg doubled the capacity of its Yorkton branch in 1919,[1] the *Yorkton Enterprise* reported that the expanded plant "was ready to take every pound of cream or dairy butter, of eggs and poultry the district can produce."[2] In the same year it was announced that the Saskatchewan Co-operative Creameries Company was to build a $60,000 cold storage plant in Yorkton. By the time the Yorkton branch of the co-operative company was officially opened in 1922, a full-scale dairy facility had been built which was capable of producing twelve thousand pounds of butter each day.[3] It was evident from the size of the co-operative's factory in Yorkton that it was not designed to co-exist with the Crescent Creamery Company, but to replace it entirely.

When William Leison established a creamery in Mervin in 1919,[4] a local merchant at Spruce Lake, sixteen miles to the north, inquired about establishing a government creamery there and he was referred to the Saskatchewan Co-operative Creameries Company. Company officials responded with an enthusiasm kindled, the evidence suggests, by the prospect of eliminating another privately-owned creamery. A stock salesman for the co-operative was purported to have told a meeting in Spruce Lake that Leison's "one horse plant would be out of business within six weeks."[5] Apparently, the rule established before 1917, which stated that creameries were to be at least twenty miles apart, did not apply to the Saskatchewan Co-operative Creameries Company. Plans to erect a co-operative creamery at Spruce Lake progressed to the point where the Spruce Lake local was instructed by the Co-operative Company to buy lumber at the company's expense. These instructions were later cancelled and the creamery was not erected, despite the fact that the people of Spruce Lake had subscribed over $10,000 for shares.[6] It had been discovered that the creamery did not have the support of the farmers of the district, it was claimed. Leison was not driven out of Mervin. Indeed, he expanded into St. Walburg in 1920 and Maidstone in 1923.

The most serious competition that the so-called co-operative creamery encountered was provided by the Moose Jaw-based Saskatchewan Creamery Company. Its owner, J.A. Caulder was suspicious of Wilson's motives. Caulder had been forced out of Weyburn in 1914, and that experience may have been responsible for a change in his tactics. Instead of committing his company to the cost of a creamery, he used the cream buying station ploy to block the entry of rivals into territory in which a creamery might be profitable at some future date. Caulder used such a ploy in Swift Current.

In April 1915 the Swift Current *Sun* reported that the Saskatchewan Creamery Company had declared its intention to establish a creamery in Swift Current but that it would establish a cream buying station first. The paper reported:

> At the present time no cream is being shipped out of Swift Current and it is the avowed intention of the company to commence the erection of an up to date creamery building here as soon as there is demonstrated to be sufficient patronage from among the farmers to warrant such a venture. For the present a building will be rented in a central location for a purchasing and

> testing station where farmers will be paid in cash. . . . *The activity of late on the part of the Board of Trade in connection with a government creamery has acted as a spur. . . .*[7] (Author's italics)

The Swift Current buying station was thus to serve two purposes — with a small investment, it would give evidence as to whether or not a much larger investment for a creamery was warranted; secondly, it would serve as a deterrent to the establishment of a government creamery. The Swift Current "branch" of the Saskatchewan Creamery Company opened on 25 May 1915.[8]

Although the Saskatchewan Creamery Company's buying station may have prevented the establishment of a government creamery, it did not deter F.J. Gurney, who had operated a creamery at Melfort and another at Leslie. Gurney arrived in Swift Current with his equipment in February 1916. On 1 May, the Gurney Creamery Company opened in a building which had housed the Cooper Bakery. That the presence of the buying station cut into Gurney's supplies is reflected in his appeals for cream in the local newspaper. He advertised that "we are the first Creamery Company to really spend our money in your midst by building an up-to-date creamery." The Saskatchewan Creamery Company countered with advertisements reading "We have our own property in the city upon which we intend to erect a creamery as soon as receipts of cream are large enough to warrant it."[9] The outcome of the competitive struggle in Swift Current was that the creamery managed by Gurney was sold to the Moose Jaw company in March 1917 and a new creamery was built.[10] Following the pattern set at Swift Current, the Saskatchewan Creamery Company operated a cream buying station in Carlyle, and established a creamery there in 1918. In 1919, the company built a creamery in Carnduff after operating a cream buying station there for several years.[11]

As a result of wartime demand and prices, the production of wheat had expanded onto land in the south-west corner of Saskatchewan that was more suited for grazing. As usual, the solution to poor crop yields was diversification, not specialization. An indication of the difficulties associated with successful wheat farming in the area was the support given to the creameries at Maple Creek and Shaunavon.

The Saskatchewan Creamery Company established a cream buying station in Maple Creek in 1918; successive crop failures in the area induced farmers to patronize the station and a creamery was built in 1920.[12] Caulder had followed settlement into the dry belt of Saskatchewan — a most unusual environment in which to establish a viable dairy industry and one into which government-operated creameries had not ventured.

Caulder's decision to establish a creamery in Shaunavon was made in 1920. The *Shaunavon Standard* reported:

> This past summer a representative of the Sask. Creamery Co. was in Shaunavon in the interests of his company, selling stock and explaining the plan on which the company is operated. It is well that the public should understand that the creamery is not absolutely assured yet and it is in the interests of the town and community to see that it is made an assured fact.
>
> The company's policy is to pick out the leading points. . . and to open up plants in the intervening towns as the industry grows.
>
> It will cost about $30,000 to erect the Shaunavon plant, and when it is erected it will take another $30,000 in cash to equip it and start it up in business buying cream and disposing of its wares. No butter is shipped until

> there is a car load lot, and a carload of butter represents $15,000. The policy of the company is to raise enough money in the locality to build the plant; when this is done the company equips and operates it out of the general fund. Shaunavon and district have subscribed about $8,000 to date; another $22,000 has to be subscribed this fall and winter if we are going to have the plant here next summer. Maple Creek businessmen, though they have their fourth successive crop failure there, subscribed $25,000 in three days.[13]

When a company official announced that the campaign to sell stock in the creamery had been successful, the *Standard* rejoiced that:

> There will be more feed produced locally instead of depending almost wholly on wheat growing, and this all means the first step to mixed farming which the district is greatly in need of.[14]

Obviously, attitudes had not been changed by thirty years of farming experience in Saskatchewan. Undoubtedly, similar opinions were expressed at Assiniboia and Empress where the Moose Jaw company erected creameries in the early twenties.[15]

The Saskatchewan Creamery Company re-entered Weyburn in 1920. Although its original plant had remained closed after 1914, its presence had served its owner's ends by discouraging the establishment of a government operated creamery. However, a group of Weyburn businessmen had decided that a creamery was necessary and made representations to both the Saskatchewan Co-operative Creameries and to Caulder's company. Agreement was reached with Caulder and he proceeded to erect a new creamery. The co-operative company was informed that it would be satisfactory to the Weyburn committee promoting the creamery if it withdrew from the field. This met with absolute refusal. Caulder appealed to the co-operative to stay out but his plea was refused. In turn, he offered to rent his plant to the co-operative in order to avoid ruinous competition. This too was refused.[16] The co-operative opened a large creamery and cold storage facility in Weyburn in 1922.

On 28 February 1923 the *Weyburn Review* reported that the Weyburn creamery of the Saskatchewan Creamery Company had closed. It was closed, stated the paper, "By an arrangement by the head offices of the Sask. Creamery Co. and the Sask. Co-operative Creameries Ltd. . . . It is understood the arrangement between the companies called for the removal of the co-operative from Moose Jaw where the Moose Jaw Company will have a clear field in return for the sacrifice in Weyburn."[17] As P. Burns and Company had established a creamery in Moose Jaw in 1918, Caulder's company would not have a completely "clear field" in that city. Perhaps the presence of Burns in Moose Jaw made Caulder more amenable to the arrangement with the co-operative.

The reference to the co-operative's presence in Moose Jaw was to a distributing branch with offices and warehousing facilities on the Moose Jaw Cold Storage Company's premises. But, as the *Moose Jaw Times* put it, "Moose Jaw will no doubt have another creamery plant in the near future."[18] The Weyburn agreement ended such speculation and it was not until 1926 that the co-operative company established a creamery in Moose Jaw.

Both the Saskatchewan Co-operative Creameries Company and the Saskatchewan Creamery Company continued to expand. In 1922, the co-operative company was building a creamery in Radville, while the Moose Jaw company was building one in Gravelbourg.[19] The southern part of the province had been left to private enterprise until the 1920s, and Caulder, commenting on the co-operative's move into Radville, stated:

> . . . I regret exceedingly that this action has been taken. . . because I am afraid it marks the end of the friendly relations that existed for the last two or three years. We have. . . repeatedly turned down all entreaties by the business people of Regina to supply them with our goods. We took this stand because we wanted to be in a position to work in harmony with Mr. Wilson. Apparently we were very foolish from a business standpoint, and if the government is going to persist in this policy I am not sure that they should not take over all the Creameries in the Province and operate them all under one head.[20]

It should be noted that in Caulder's mind the policy of the recently formed co-operative company was still "government" policy. It was not, of course, but the error is understandable. The competition the co-operative set into motion is consistent with Wilson's wishes that his company be in a position to move quickly into new areas, and not be hampered by the necessity of organizing locals and selling shares beforehand. Wilson was still hopeful of establishing a co-operative monopoly in Saskatchewan's creamery industry.

Caulder meant what he said concerning his move into Regina. J.A. McDonald had established the City Creamery Company in Regina in 1920 and Western Creameries in 1921. In December 1922 Caulder purchased both of these creameries, closed Western Creameries, and conducted business through the City Creamery.[21] Undoubtedly, Caulder was Wilson's major competitor.

In August 1924 the Saskatchewan Creamery Company of Moose Jaw transferred its entire undertaking to the Saskatchewan Creamery and Ice Cream Company (which had been incorporated in June 1924) under an agreement whereby the new company issued debentures and shares in exchange for the debentures and shares of the old. The authorized capital of the new company was $800,000 — 8,000 shares of $100, 3,000 of them 8 percent cumulative preferred shares redeemable by the company. About the same time, J.A. Caulder, J.R. Abraham, and E.G. MacPherson purchased the creamery business of P. Burns and Company in Moose Jaw. Western Creameries Limited was formed in March 1924 to take over this creamery business, to repay the three investors the amount of cash they had paid for the Burns plant ($1,500), and to continue it in operation.[22] Western Creameries was the instrument Caulder used to move abruptly and convincingly into the northern part of Saskatchewan settlement — an area which, until this time, had been the domain of the Saskatchewan Co-operative Creameries and private companies, such as Andreason's in Humboldt, and the successor to the Saskatoon Pure Milk Company, the Saskatoon Producers' Milk Company.

In 1924 the Saskatoon Producers' Milk Company was sold to Central Creameries. Events moved quickly. The Scott Dairy, the Ross Dairy, and Central Creameries, all of Saskatoon, were consolidated into one company —the Farmers' Creamery Company, with M.J. Scott as president. On 16 May 1925 the Saskatoon *Phoenix* headlined that the Farmers' Creamery Company and Andreason's Humboldt creamery had been sold to Western Creameries. The $250,000 transaction was described as follows:

> The purchase of the business of the Farmers' Creamery Company Ltd. includes both Saskatoon plants, the butter, ice cream and cheese plant at

> 26th Street and Avenue B and the milk plant at 16th Street and Avenue I, also the creameries owned by the company at Wilkie and Watson.
>
> The purchaser, according to J.A. Caulder, the general manager, besides having its main plant in Moose Jaw, has just completed the construction of a creamery at Outlook which will open on Monday next, another is under construction at Broadview and the building of a plant at Bulyea is to be started next week.
>
> With the invasion of the northern part of the province by Western Creameries, Limited and the taking over of the Humboldt Creameries Limited comes the announcement by Mr. Caulder that O.W. Andreason, president and founder of the latter firm, becomes the manager of the Western Creameries business in Northern Saskatchewan. He will make his headquarters in Saskatoon.
>
> The company, Mr. Caulder said, will carry on all branches of the business as formerly carried on by the Farmers' Creamery Company and Humboldt Creamery, Ltd., and will maintain the high quality of its products and the good service given by the former owners.
>
> The butter, ice cream and cheese plant in Saskatoon will be operated as the Farmers' Creamery Company, and will be under the management of Walter P. James, the present manager. The remainder of the firm's business will be operated under the name, Western Creameries, Ltd. The Farmers' Creamery Company Limited was a consolidation of the Scott Dairy Co. Ltd., the Ross Dairy Co. Ltd. and the Saskatoon Producers' Milk Company, Limited, effected a few months ago by M.J. Scott and his sons Howie W., Laurie J. and Walter M. The Ross Dairy plant was dismantled and closed, and the other plants are said to be as finely fitted as any in Western Canada.[23]

The new owners lost no time in impressing upon farmers and others that they were about to improve and expand creamery facilities. The creamery at Watson, first erected in 1909, had been re-opened in 1918 under the management of Eugene Rivard. It was sold to Alex Ketchen in 1919 and became a branch of Scott's Dairy in Saskatoon in 1921. By autumn 1925, the new owners, Western Creameries, had begun construction of a new creamery at Watson.[24] The Wilkie Creamery, first opened in 1918, was owned by the Saskatoon Pure Milk Company. It was sold to the Saskatoon Milk Producers' Company in 1921 and leased by this company to C. Wheatland in 1923. Western Creameries, to the pleasure of Wilkie patrons, retained Wheatland as manager.[25] The Saskatoon Producers' Milk Company had purchased the Bruno creamery from R. Schaefer in 1921 but sold it to a group of farm producers in the Bruno district in 1923.[26] This creamery was purchased by Western Creameries in 1925. Western Creameries signed an agreement with Bulyea businessmen and farmers in May 1925. The necessary capital was subscribed, and a creamery was erected in Bulyea before the year was out.[27]

Western Creameries did not have an identity of its own for very long. In November 1925, Caulder's Creameries, Limited was incorporated for the purpose of taking over Western Creameries, Limited. The newly incorporated company had an authorized capital of $800,000 divided into 80,000 shares of ten dollars. Of these shares, 60,000 were 7 percent cumulative, participating, preferred shares without voting privileges. Twenty thousand were common shares with voting privileges.[28]

Caulder's Creameries was not organized merely to replace Western Creameries. On 23 March 1926 it was announced that the Saskatchewan Creamery and Ice Cream Company had merged with Caulder's Creameries. Caulder's Creameries now operated twenty-two branch creameries in Saskatchewan[29] but the merger did not change Caulder's policy of expansion. In April 1926 Caulder's Creameries purchased the Rose Lawn Creamery at Englefeld from Jacob Koep.[30] In 1926, too, Caulder re-opened the Weyburn creamery which had been closed by agreement with the co-operative company. and he built a new creamery in Indian Head.

Caulder had closed his Weyburn creamery in return for a commitment from the co-operative to stay out of Moose Jaw. By 1926, the competitive struggle had become so bitter that such agreements lost all appeal. The co-operative established a creamery in Moose Jaw in June 1926. This move brought forth expressions of concern from private creamery operators. J.J. MacLean, who had established Prairie Creameries Limited in Regina in 1923, complained to J.A. Cross, Saskatchewan Attorney General:

> Announcement was made in the Leader several days ago that they [Saskatchewan Co-operative Creameries] are about to open a Creamery in Moose Jaw.
>
> There are now four reputable fully equipped Creameries in Moose Jaw. The records of the Dairy branch will show that... there is not enough milk offering or likely to offer in Moose Jaw in the next few years to enable more than two Creameries to pay any reasonable return on the capital invested in them.
>
> The inevitable result of another creamery will be to widen the spread between the buying and selling prices or put some of the privately owned Creameries out of business.
>
> Surely your Government does not want to do either one of these things.[31]

MacLean did not mention that Swift Canadian Company had opened a creamery in Moose Jaw on 20 April 1926 to manufacture "Brookfield" brand creamery butter.[32] Presumably, the fact that the government was so heavily involved financially in the co-operative company was at the basis of his grievance. Whatever Swift Canadian did was its own business, what the co-operative did was everybody's.

J.A. Caulder also was concerned regarding the co-operative's move into Moose Jaw but, in a letter to J.J. MacLean, he admitted the government had had little to do with it. He wrote:

> ... I might say I also have had the matter up with Mr. Hamilton [the Minister of Agriculture]. I have discussed it with him verbally, and have also definitely written him in the matter. I think the Government feel that they are powerless to take any action whatsoever in shaping the destinies of the Sask. Co-op Creameries Ltd. Their opening creamery number five in Moose Jaw is a crime and shows that the Dairy Branch has very little influence over them.[33]

Of course, when the co-operative moved into Moose Jaw, J.A. Caulder was free to re-enter Weyburn. On 24 March 1926 the *Weyburn Review* reported:

> The Weyburn branch of Caulder's Creameries, Limited, which was re-opened for business on Monday of this week after having been closed for the past three years or so on account of a reciprocal agreement of three years duration entered into at that time by the Saskatchewan Creamery Company

> of Moose Jaw, Ltd. (as the company was then known) and the Saskatchewan Co-operative Creamery Co. William J. Yeo of Weyburn and district for many years... is the new manager of the Weyburn branch....
>
> The handsome brick building of Caulder's Creameries Ltd. in Weyburn is situated on Second Street between Souris and Railway Avenue and was erected at a cost of approximately $20,000 in the spring and early summer of 1920, the Weyburn Storage and Distributing Co. having occupied the premises during the past three years or so. Previous to that the company had erected in 1912 the old creamery building situated on Railway Avenue East which has been in disuse for many years past, having been abandoned for creamery purposes.[34]

The mutual distrust generated between the Saskatchewan Co-operative Creameries Company and Caulder's Comapny by 1926 now led to competition that, three years previously, had been avoided.

P.E. Reed warned creamery operators to curb the expansion of creameries in the province. He stated, "The additional overhead resulting from this investment must be borne by the industry and it is generally conceded that such additions are borne by the producer. Our butter prices are largely fixed by world prices, so that added costs incurred locally cannot be passed on to the consumer, hence they must come out of the producers share or from the manufacturers margin of profit."[35] However, Reed had little influence over either major creamery company in Saskatchewan as the events in Indian Head in 1926 prove.

The Saskatchewan Co-operative Creameries Company took over the premises of the MacKay Dairy at Indian Head, installed creamery equipment, and announced the opening of a creamery on 9 August 1926. On 7 August the Indian Head town council met with a representative of Caulder's Creameries and, as a result, Caulder's company purchased a lot on Grand Avenue and began to erect a creamery. The Indian Head *News* reported:

> The two new creameries being established in Indian Head are being rushed into service by the respective companies.... The Sask. Co-op., which took over the premises of the MacKay Dairy, is already operating and on Wednesday [August 11] made its second churning, turning out upwards of seven hundred pounds of butter.
>
> Caulder's Creameries, which is being established on Grand Ave., will be officially opened next Tuesday, the 24th. The building has been rushed to completion, was painted the first of the week, and the machinery is now being installed. This firm, too, will use all modern equipment in its Indian Head plant.[36]

Caulder's creamery opened in "auspicious fashion" on Saturday, 28 August. In the words of the *News*, "Indian Head has suddenly sprung into the limelight as a dairy centre."

Reed's concern over the proliferation of creameries in Saskatchewan was that farm producers of cream would bear the burden of increased overhead costs. Given the fact that he was well aware of a strange contradiction that existed in the creamery industry, his concern should have been expressed more strongly. For, while creamery companies competed for territory in most unreasonable ways, at the same time they tried desperately to work together to avoid price competition in the purchase of their raw material, cream.

Collusion

The opportunity for collusive action by Saskatchewan's creamery operators grew out of the negotiations to establish standard, compulsory grades for cream in the prairie provinces. At the Calgary meeting of creamery operators held on 23 January 1923, J.A. Caulder proposed a "Provincial Committee appointed in each Province, the chairmen to form an Inter-Provincial Committee to settle Inter-Provincial cream problems and disputes."[37] The Caulder proposal was endorsed and, by February 1923, each province had formed a committee of five. Caulder explained the idea of the committee to B.F. Grundeen:

> At the Calgary convention it was decided to form a Manufacturers' Committee in each province, consisting of five members, the three committees to form an Inter-Provincial Committee, and the three chairmen an Inter-Provincial Executive. The Provincial Committee will deal with provincial matters only, and the Inter-Provincial Committee with matters of inter-provincial interest, of which there are many....
>
> In case any manufacturer not on the Committee wishes to bring up some question he will immediately get in touch with the Chairman of the Provincial Committee, or with the member of the Committee who looks after his particular district. That matter will immediately be taken up with the other members of the Provincial Committee, and with the Chairmen of the Committees of the other two provinces if it is of an inter-provincial nature. *In this way we can get quick and united action on any subject, and everyone will know who to get in touch with in order to correct an abuse, or have any subject discussed....*[38] (Author's italics).

Caulder's office in Moose Jaw was to be a clearing house of information for the three provinces. The chairman of each provincial committee was to devise his own methods for distributing information to all operators in his province. Telephone calls and telegrams were to be sent collect until such time as arrangements could be made to finance the information network on some other basis. Caulder expressed optimism regarding the degree of co-operation that would be achieved among creamery managers. Obviously, he had seized upon the introduction of compulsory cream grading to create a new environment of collective action among creamery operators. When line elevator companies had done much the same thing in the early years of settlement wheat farmers had protested.

A section of the *Act respecting the Manufacture of Butter and Cheese*,[39] passed by the Saskatchewan legislature in 1916, was designed to prevent a creamery operator from discriminating among his patrons with regard to the price paid for cream, and to prevent a large creamery company from usurping the cream territory of a weaker competitor. The concern was not over the higher prices that would accrue to cream shippers in competitive territory but over lower prices in territory where competition was not a threat to the creamery operator and which could be paid to offset the higher prices necessitated by competition. The penalty for paying a higher price for cream in one district than another was originally set at a maximum of $200. In 1919 an amendment to the act increased the penalty to a maximum of $500.[40] Creameries in Saskatchewan were not usually in a position to pay higher prices, neither could they meet the higher prices paid by their competitors in Manitoba and Alberta because, to do so legally, they were obliged to pay all patrons the same price for comparable quality cream.

Caulder was aware that it would not be possible to eliminate price competition, especially inter-provincial competition, entirely, but he took steps to minimize it. On 2 June 1923 he informed Reed:

> As you are undoubtedly aware, it has been quite customary for creameries to pay two different prices in order to meet competition from outside the Province. I am assuming that when the general price of butterfat in Saskatchewan is, we will say, 29¢ shipping point for specials, and owing to certain conditions such as a fight in Alberta the price in that province is higher, that it is perfectly in order for us to meet this price on the Western boundary and that this would not be considered a breech [*sic*] of the Act, and the Act is intended to prevent a Company paying a lower price than the market justifies in a District where they have no competition.[41]

Reed replied on 6 June 1923:

> I can see no possible objection to your paying a special price to prevent Saskatchewan's butterfat going out of the province provided you do not endeavour to recompense yourself in this regard by penalizing some other of the Saskatchewan producers.[42]

Legislation had to be interpreted broadly to develop a provincial industry.

Manitoba competition became more serious in autumn 1923 and in 1924. On 11 September 1923 Caulder wrote to all creamery operators in Saskatchewan, explaining in a circular letter that the Saskatchewan Co-operative Creameries Company and his own company had agreed that a definite plan had to be established to protect Saskatchewan creameries from Manitoba competition. He asked that all creamery operators consent to a division of Saskatchewan territory in such a way as to allow the two large companies to pay any price they chose, regardless of the Saskatchewan price, and without affecting the Saskatchewan price, for any cream originating east of a line drawn through shipping points on all railways crossing the Saskatchewan-Manitoba border. Caulder added, "The bad feature of the situation is that the Manitoba creameries will always be able to pay more than the Saskatchewan creameries owing to the fact that they have an advantage of one cent over us on the freight rates when shipping east and besides they have a large market in the city of Winnipeg."[43] Caulder did not mention that the co-operative company and his own company had expanded, and were expanding, the number of creameries in Saskatchewan in an unwarranted way. Nor did he mention that fewer creameries with a larger volume could have reduced the cost per unit of butter output and become more competitive in spite of Manitoba's geographical advantage. This is yet another example of how provincial boundaries have been used to foster the inefficient use of resources to the detriment of the nation as a whole.

In spring 1924, Caulder revised the boundaries of what was now known as the "Manitoba competitive territory" and set the bounds of an "Alberta competitive territory."[44] Now the province of Saskatchewan, for cream buying purposes, was divided into three segments with the "Saskatchewan competitive territory" in the middle. At the same time, Caulder advised P.E. Reed that the Vancouver butter market was "demoralized", and that it was necessary to reduce the price paid for butterfat.[45] By 9 April, agreement had been reached among the creamery operators in southern Saskatchewan, but some northern-based creameries would not fall into line regarding a reduction in price in the Saskatchewan territory. Agreement was finally reached, but it left much to be desired and Caulder informed M.G. Simpson, his branch manager in Regina:

> This will confirm our arrangement with Saskatoon yesterday whereby the price to be paid on all shipments of cream coming to Regina from the C.N.R. Saskatoon line, Colonsay branch and Lanigan branch will be paid for at the price of 31¢ delivered for specials. This however does not include the Esterhazy line from Earl Grey east. Cream shipments from all other Regina territory will be paid for at 32¢ delivered.[46]

Perhaps it was reasonable that cream prices could differ among the patrons of a creamery if the purpose of the differential was to keep Saskatchewan cream from leaving the province. The differential arranged by Caulder could not be so justified and it appears to be in violation of the *Act respecting the Manufacture of Butter and Cheese.*

One of the purposes of the regularly-held meetings of Saskatchewan creamery operators was to discuss grading and other problems. At their meeting on 20 February 1924 an official name was adopted — "The Provincial Dairymen's Committee,"[47] Newcomers to the Saskatchewan dairy scene were somewhat confused concerning the role of the "Provincial Dairymen's Committee," and in reply to an inquiry from D.R. McIntosh, who had recently established a creamery in Biggar, Reed explained:

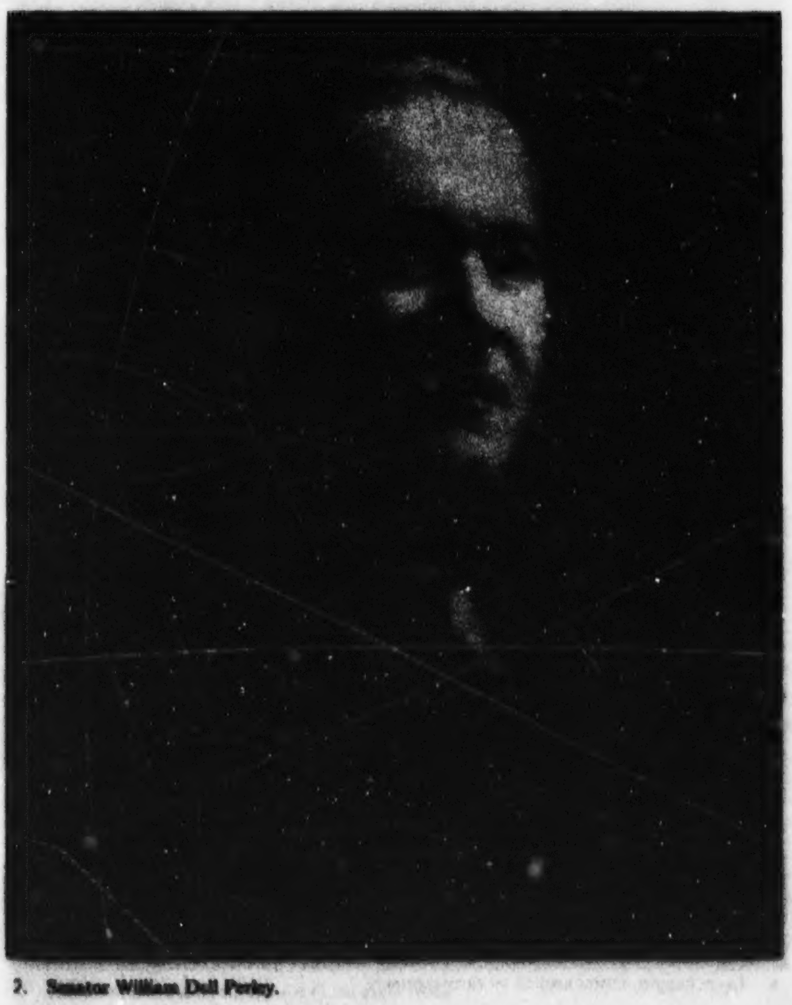
> You are correctly informed as to the writer being secretary of the Saskatchewan Dairy Association. The association as organized in this province includes all branches of the dairy industry, producers, manufacturers and distributors of dairy products. Naturally, in point of membership the producers largely predominate. The efforts of the association have been almost entirely confined to educational work. Both as secretary of this joint association and also in my position as Dairy Commissioner, one of the features that I am careful to avoid any connection with is that of the arrangement of prices amongst the manufacturers and distributors. You will appreciate the fact that it would be unwise for me to have any association with price fixing negotiations.[48]

Although Reed felt it was "unwise" for the dairy commissioner to have any association with price fixing, it was his view that unbridled price competition would ruin the province's creamery industry, and without creameries Saskatchewan farmers would never become dairymen.

However, Reed was prepared to use the authority granted to him to prevent price discrimination in Saskatchewan territory. But it was not until June 1926, after the matter had been discussed by the creamery operators themselves, that he sent the following circular letter:

> The sense of the discussion was that under existing conditions, it was felt necessary to recognize special territory at both Manitoba and Alberta boundaries, and the Dairy Branch were [*sic*] requested to permit a price differential to pass between Saskatchewan Territory proper, Alberta Competitive Territory and Manitoba Competitive Territory, but that there must be a distinct understanding that no differential should be recognized for shipments originating in 'Saskatchewan Territory,' regardless of what price might be in effect in different sections of this territory.
>
> I beg to advise that, through the Dairy Branch, the strictest possible check

1. The dairy herd at Cannington Manor (circa 1890) was one of the first in the area.



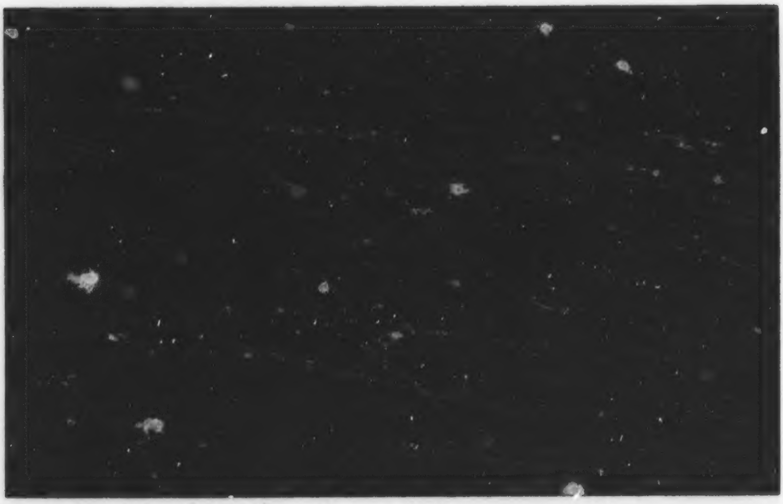
2. Senator William Dell Perley.

3. An early cheese factory. Note vertical steam boiler and stack.

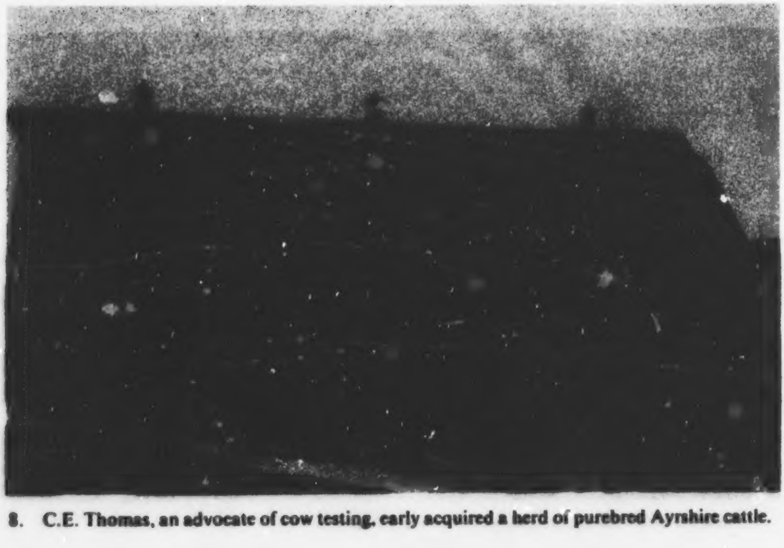
4. Farm buggies cluster around an early creamery.

5. The Prince Albert Creamery opened in July 1895.

6. Portable milk testing equipment in the early 1900s.



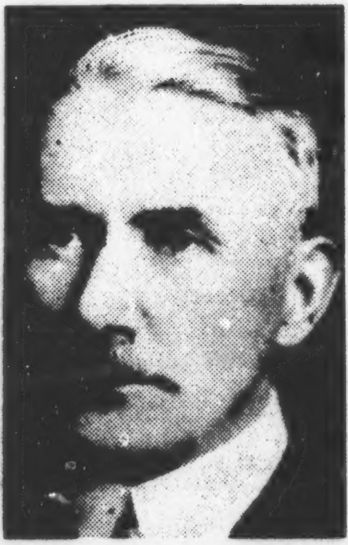
7. An advertisement for cream separators, circa 1919.



8. C.E. Thomas, an advocate of cow testing, early acquired a herd of purebred Ayrshire cattle.

DAIRY BRANCH

9. C.E. Thomas was active in promoting a provincial dairy pool in the 1920s.



10. O.W. Andreason, a pioneer in Saskatchewan's dairy industry.

11. Opening day, July 1909, at Lloydminster Creamery.

12. William Leisen (seated) built the Maidstone Creamery (above) in the early 1920s — it was one of three which Leisen built and operated as Northland Creameries. At the centre is Eugene Leisen; the third person is unidentified.

13. The co-operative Langenberg Creamery, 1923.

14. The Souris Valley Creamery Company, Estevan, was opened for business by B.F. Grundeen in 1913 (note wooden churn). The company's modern plant is operated by Grundeen's son, Paul.

15. An interior view of the Debden cheese factory, operated by Victor Demers (centre), taken in 1925. At right is Professor A.E. Potts; the third person is unidentified.

16. The cheese factory at Albertville, 1932. *J.E. Ridley.*

17. Horse drawn milk delivery wagon, Saskatoon.

18. This closed wagon was used to deliver milk in Oxbow.

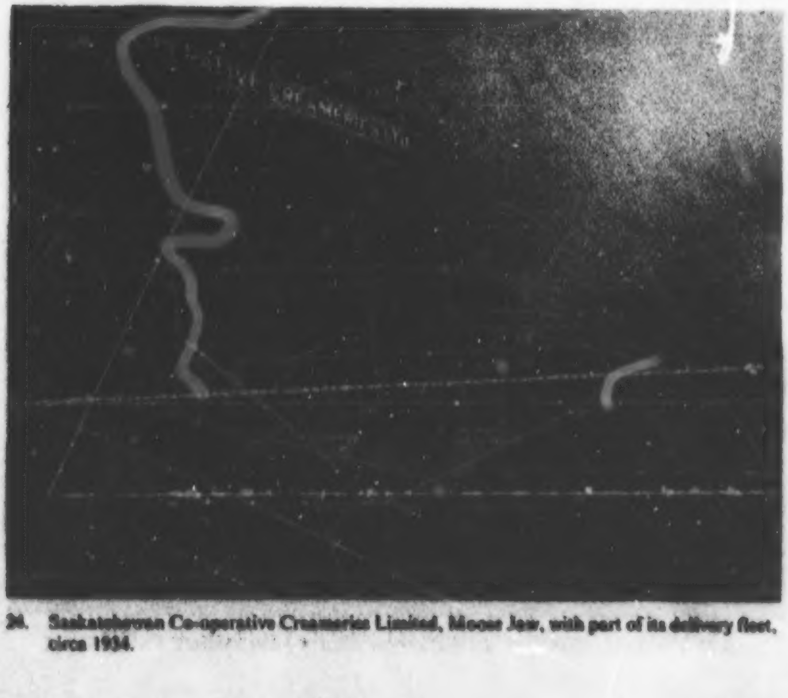
19. Leading western Canadian dairymen in 1916 included, sitting (left to right): C.P. Marker, W.A. Wilson, George H. Barr, W.J. Mitchell; standing (left to right): L.A. Gibson, Fred Logan, Jim Flan, W.J. Pearson, K.G. MacKay, H.J. Crowe.

20. Prominent dairy industry officials, circa 1920, included (left to right) A.P. McLean, Professor A.E. Potts, J.A. Caulder, Percy E. Reed, Robert Barbour, C.E. Thomas and Dr. E.G. Hood.

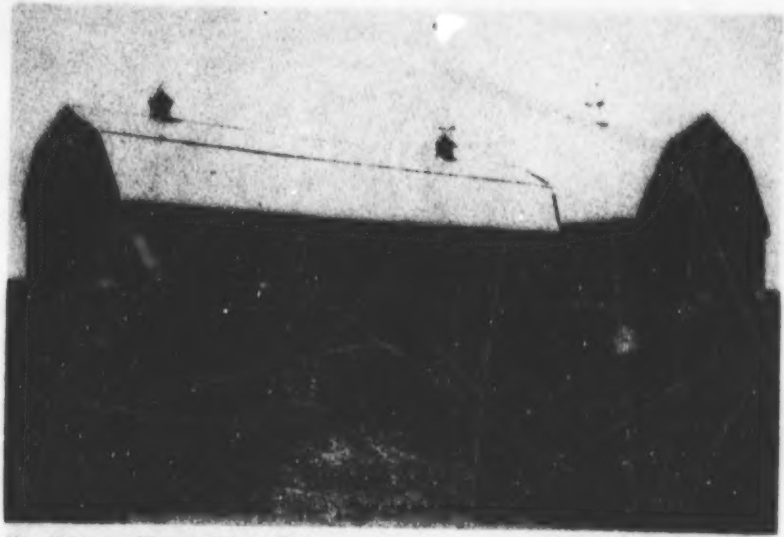
21. Saskatchewan Co-operative Creameries, Melville, circa 1920.

22. A Saskatchewan Co-operative Creameries Limited stock certificate, dated [illegible].

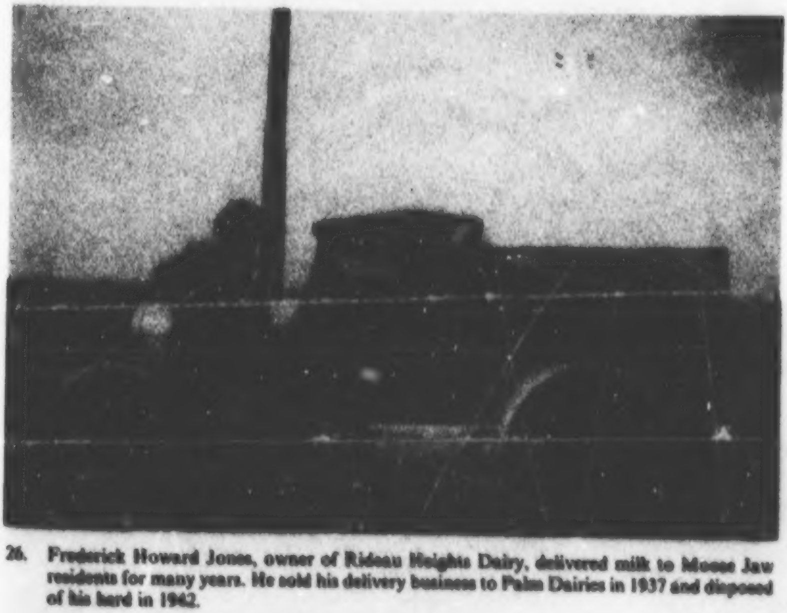
23. Receiving Room, Saskatchewan Co-operative Creameries Limited, Regina Branch, 1922.



24. Saskatchewan Co-operative Creameries Limited, Moose Jaw, with part of its delivery fleet, circa 1934.



25. The barn of Rideau Heights Dairy Farm in 1938. Farmers required extensive capitalization for such buildings.



26. Frederick Howard Jones, owner of Rideau Heights Dairy, delivered milk to Moose Jaw residents for many years. He sold his delivery business to Palm Dairies in 1937 and disposed of his herd in 1942.

27. In 1935, the delivery fleet of Prince Albert Creamery Company Limited included both horse-drawn and motorized vehicles.

28. Richard William Heim was general manager of the Prince Albert Creamery Company Limited from 1913 to 1941.

29. The staff of Regina Pure Milk Limited assembled for this group portrait about 1932.

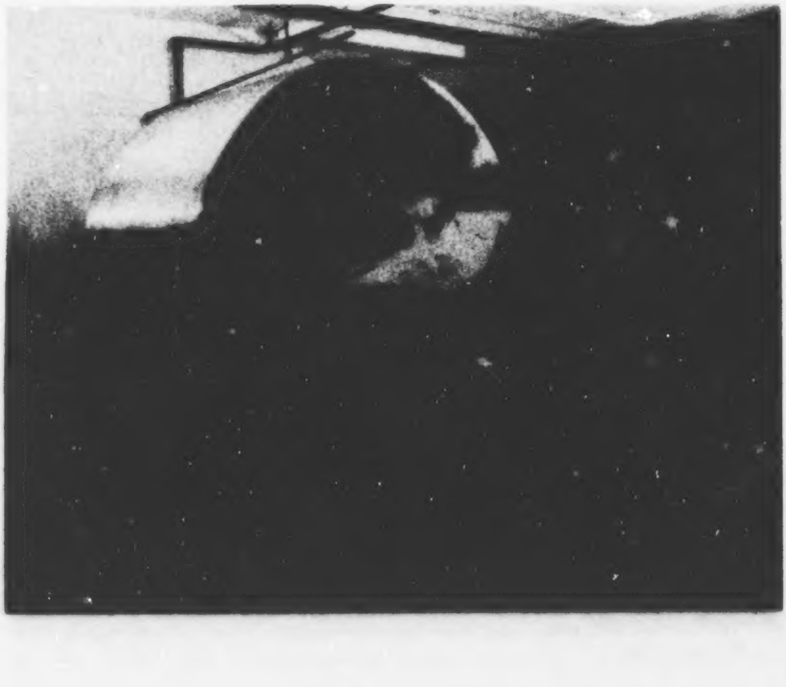
30. Mrs. Noel Beckett of Nipawin enlisted the aid of her son Donald for milk deliveries in 1941.

31. In Moose Jaw, Palm Dairies Limited still delivered milk by horse drawn wagon in 1945.

32. The first bulk milk tanker used in the Saskatchewan dairy industry was photographed in Canora in 1954.

33. In 1912 butter was made in a wooden churn; the butter was then packaged in parchment-lined wooden boxes.

34. By the mid-1950s, butter making was conducted under more hygenic conditions.

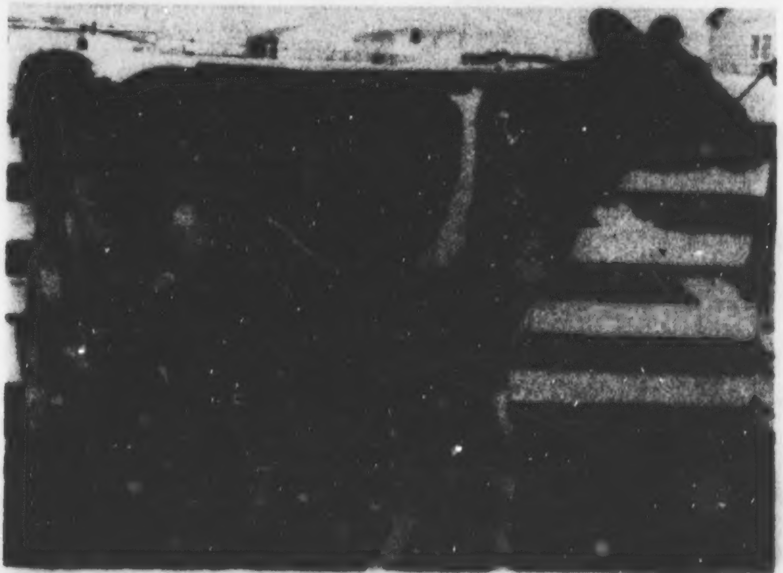


35. B.H. Thomson became the leading breeder of Holstein cattle on the prairies in the 1920s.

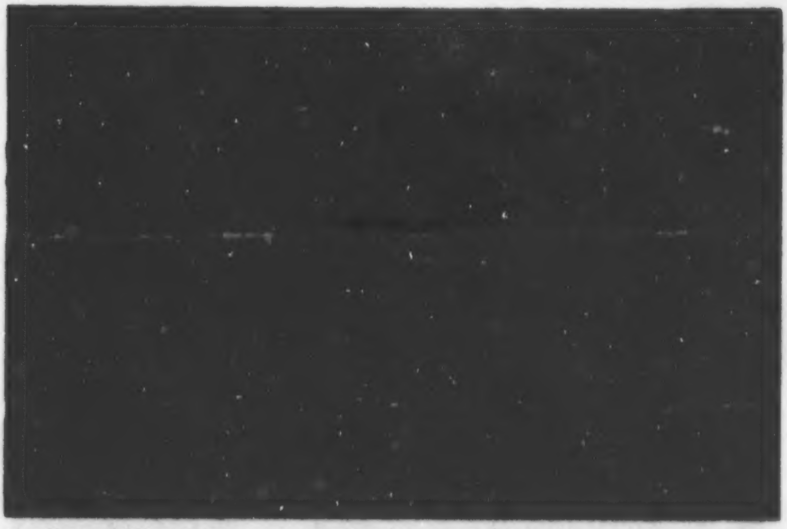
36. Herd improvement was regarded as a priority and various associations formed for that purpose, including the Carrot River Valley Herd Improvement Association which had its Field Day at the farm of A.S.A. Lobb and Sons, 30 June 1931.

37/38. Scrub cattle, such as these, were incapable of the milk production required by Saskatchewan dairy farmers.

39. **Herd improvement resulted in Floral View Sovereign Echo Lad A 272176, Holstein Senior Bull Calf at the Royal Agricultural Winter Fair, Toronto, 1960. The animal is shown here by Allan Haight.**

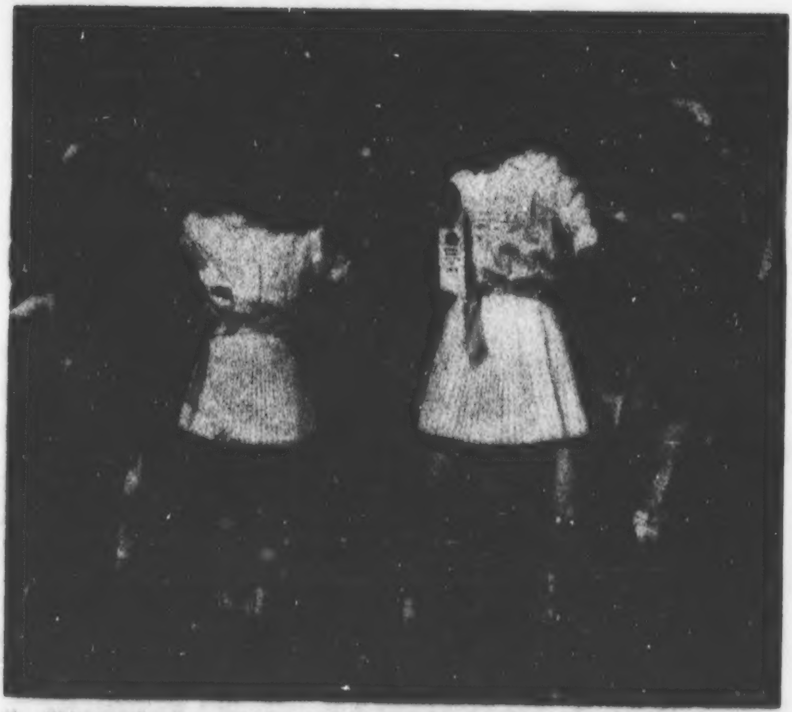


40. **Milk production increased as herds improved. This cow and her calf are shown at the University of Saskatchewan Farm.** ***Animal Science Department, University of Saskatchewan.***



41. Young children were encouraged to raise calves as part of the herd improvement programme. These Pee-wees showed their calves at a Prince Albert competition.

42. Children exhibiting calves at this Field Day competition (circa 1960) attracted wide attention.
Sask. Photo Services.

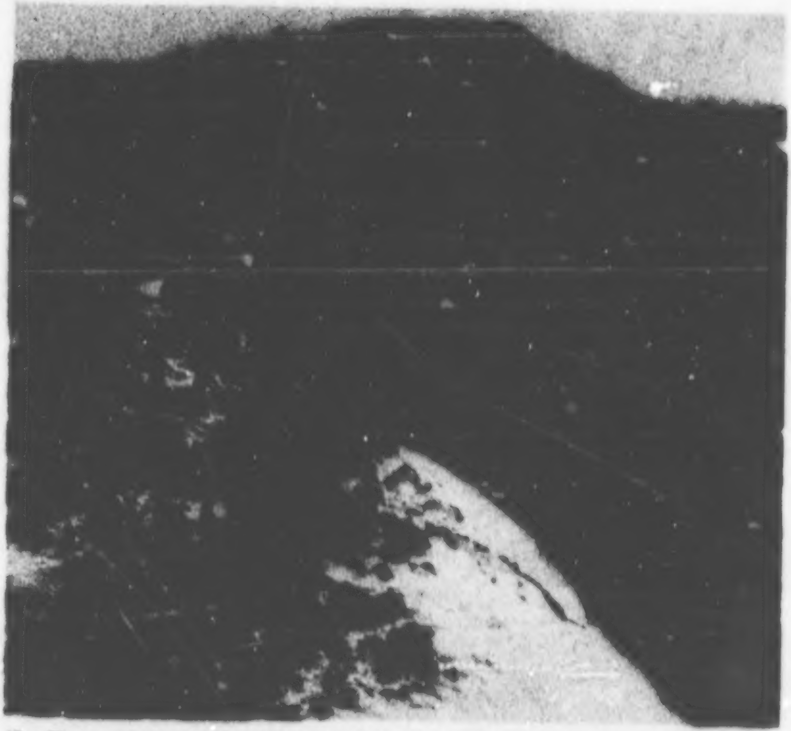


43. Girls, as well as boys, exhibited their calves and vied for prizes. *Sask. Photo Services.*

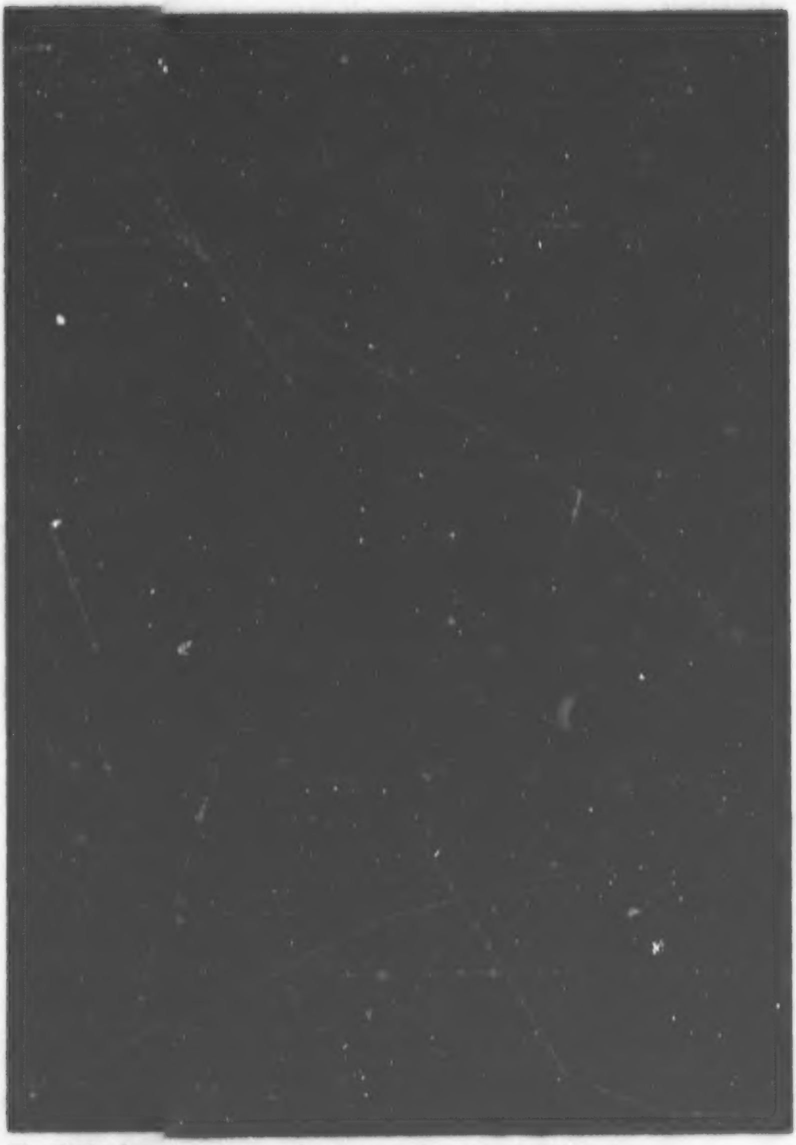
44. Fred Thompson, a Jersey breeder, passed along his interest in herd improvement to his grandson.

45. Harold Latrace, a Saskatoon Jersey breeder, received an award from the Saskatchewan Dairy Princess.

46. Rural electrification had a beneficial effect on dairy farm operations, such as the one owned by R.F. Haight and Son, Saskatoon.

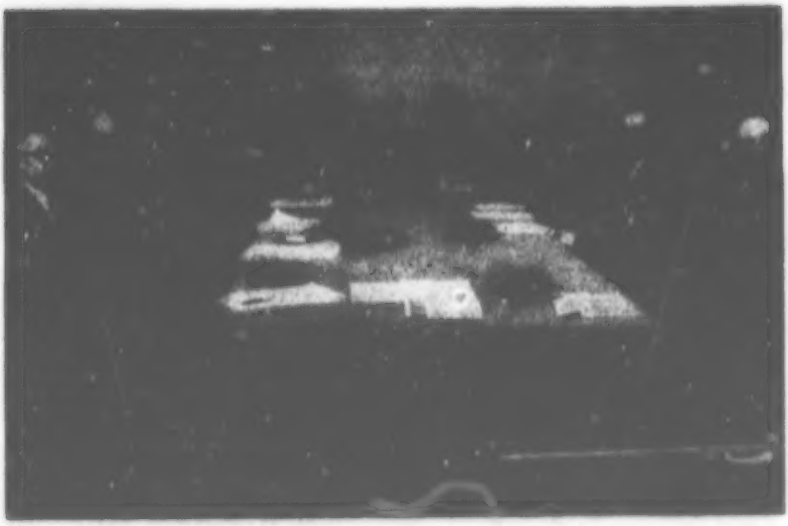


47. The spread of outbreaks of contagious cattle diseases, such as foot-and-mouth disease, have been halted by drastic action.



48. Gordon Loveridge served the Saskatchewan dairy industry for sixty years.

49. H.H. Sommerfeld was active in many Saskatchewan dairy industry organizations, including the Saskatoon Herd Improvement Association and the Saskatoon Exhibition Association.



50. The Saskatchewan Dairy Association Board in 1958 included (left to right) Dr. D.L. Gibson, Professor of Dairy Science, University of Saskatchewan; G.M. Strudwick, dairy farmer, Balgonie; A.R. deManbey, Co-op Creamery, Saskatoon; A.W. Leader, Swift Current Produce Company; R.F. Haight, association president, H.S. Hanna, association secretary and dairy commissioner, J.S. Turnbull, general manager, Saskatchewan Co-operative Creamery; A.K. Barnsley, dairy farmer, Abernethy; L.W. Montford, dairy farmer, Prince Albert.

51. The opening of the Saskatchewan Dairy Museum in 1971 drew together many of the dairymen whose contribution added to their industry's success. Seated (left to right): R. Hollingshead, Einar Petersen, Walter Brown, S.S. Swainson, Charles Blake, Edward Chadwick, Jack Williams; standing (left to right): Hans Hansen, B. Motion, George Art, Jack Courtnay, Stu Leigh, Jean Thomson, J.E. Ridley, Adam Ell, Jack Forsyth.

REGINA CITIZENS

52. The Saskatchewan dairy industry exhibit at the Regina Exhibition, circa 1960.
Sask. Photo Services.

> will be kept on all settlements and Section 28 of the Act rigidly enforced....[49]

While agreement on prices within designated territories was practised openly by creamery operators, Caulder, for one, did not wish to have the fact publicized. Creamery companies sent out what were called "price cards" to patrons, announcing the going prices for eggs, poultry, and cream. Caulder wrote A.P. MacLean, who was now general manager of the Saskatchewan Co-operative Creameries, giving his opinions regarding "price cards." Said Caulder:

> In reference to the question of sending out price cards, I am inclined to think that this is entirely overdone. For instance next Monday morning or Saturday evening patrons will receive three cards, one from your firm, one from the Prairie Creameries and one from us, all quoting 31¢ Moose Jaw. *It brings to his attention very forcibly the fact that we work together on prices.* I am not sure the card does any good anyway, either when prices are going up or down.[50] (Author's italics)

Agreement was reached among the Saskatchewan Co-operative Creameries, Prairie Creameries, and the Saskatchewan Creamery Company of Moose Jaw, regarding price cards. Price cards were issued, but for poultry and eggs only. The creamery operators agreed to cease issuing cream prices to patrons because they did not wish to draw attention to the fact that they "worked together" on prices.

The Provincial Dairymen's Committee became known as the Provincial Dairy Advisory Committee in 1926.[51] This move was sanctioned by the Saskatchewan Dairy Association and at a directors' meeting on 16 April 1926 it was agreed to pay the expenses of the "Provincial Advisory Committee" to the extent of $500.00.[52] Caulder, as early as 1924, gave an explanation for the close co-operation between producers and manufacturers through the Dairy Association. In autumn 1924, the Edmonton City Dairy was drawing cream from Saskatchewan by paying a higher price in Saskatchewan than it paid to Alberta producers. This firm was persuaded to reduce its Saskatchewan price. When this reduction was made known to C.M. Hamilton, Minister of Agriculture for Saskatchewan, he asked Caulder for an explanation and was informed:

> ... it is a well known fact that it is illegal to pay two prices, so that we put it up to this firm in Edmonton that they must either increase their Alberta price or decrease their Saskatchewan price, and they decided to decrease the Saskatchewan price. Their idea apparently was to draw all the cream they could out of Saskatchewan without raising the price in Northern Alberta so that the extra business they would receive would be just that much found business. ... there is a limit to how much the creameries can pay for butterfat without losing money and that limit has been well exceeded on the east side of the Province this year. At the Dairy Association meetings we discuss these matters frankly and I believe that the average intelligent cream producer realizes that when a price is paid higher than the market at that time warrants, that later on a lower price is paid in order to even up.[53]

Caulder wrote the above letter in his capacity as secretary to the Provincial Advisory Committee.

In spite of the existence of a committee designed to eliminate price competition among creamery operators in Saskatchewan, the major companies, and especially the Saskatchewan Co-operative Creameries Company, continued to be in financial trouble. By 1927, Caulder's Creameries was also in financial trouble. Because the development of Saskatchewan's dairy industry, by necessity and by government policy, had been made to depend upon the manufacture of butter, its future could no longer rely entirely upon collusive action among creamery operators when, in spite of this collusion, the major creamery companies could not operate profitably. Paradoxically, collusion probably contributed to the proliferation of branch creameries.

Collapse

The Provincial Auditor informed the government on 21 July 1921 that the financial affairs of the Saskatchewan Co-operative Creameries Company were such as to occasion "grave concern." In December 1921, A.P. Taylor, Deputy Provincial Treasurer, reported that the value of the company's physical assets was $1,304,918, that loans from the government totalled $786,254, and that paid-up capital totalled $337,214. On the basis of these figures, Taylor estimated that an additional $181,450 in paid-up capital was required in order to meet the full costs of construction or acquisition. What the company had been doing was made clear when Taylor was informed that it had borrowed from the bank when the amount of subscribed stock was not sufficient to enable it to borrow from the government. Taylor asked, "Evidently it is the intention of the company to borrow from the government as subscriptions of stock are obtained. Is it the intention of the Government to approve of second or even third mortgages?"[54] In reply, C.A. Dunning informed Taylor, "The practice of incurring capital liabilities first and then coming to the Government for a loan to make good with the Bank must be stopped."[55] After four years of expansion, the government finally realized that Wilson's concern for rapid development was jeopardizing the company's financial base.

The government not only extended loans to the company for capital purposes, but it also guaranteed the company's line of credit at the bank used for trading purposes. The company's line of credit suddenly increased from $400,000 in 1920, to $700,000 in 1921, of which the government guaranteed 60 percent. This increase was in the face of falling commodity prices. In September the government was informed that $110,447.47 of the line of credit for trading purposes had been used for capital expenditures. Whether or not the company's officials wished to deceive the government, it is a fact that only after a discussion with Taylor did they admit that the creamery reserve account and depreciation reserves had been deducted to arrive at this amount. But these two reserves had been used for ordinary business purposes so that, as Taylor reported to the government, the total amount of capital expenditures not provided for by stock subscriptions or government loans was $295,430.52.[56]

The company's financial condition was deteriorating and its directors and management found themselves in a corner. They had to encourage the sale of company stock although they knew their ability to pay dividends was lessening. This was bound to bring criticism when the knowledge of the company's financial situation became public. Again, the directors sold shares in several districts by giving the purchasers the impression that creameries would be built nearby. When the company did not build a creamery after shares were subscribed, the subscribers raised the cry of fraud. As things went from bad to worse, either management, the directors, or both, realized a scapegoat would be convenient — if one could be found. Wiljames Thompson was the man they were looking for, and his story is illustrative of the company's fortunes in the early 1920s.

Wiljames Thompson, a Saskatoon resident, felt that there was a vital need for a "new social, economic and political readjustment" in Saskatchewan and that it was through adherence to co-operative principles that this readjustment would take place.[57] He threw himself whole-heartedly behind the co-operative creamery company formed in 1917, both as a speaker in favour of co-operative business practices and as a stock salesman. In the latter capacity, he was caught up in the web of confusion and frustration that began to close [illegible] those associated with the company after 1920.

The company's by-laws stated that all applications for shares were to be submitted to and approved by the board of directors before allotment certificates would be issued. In the ordinary course of business, therefore, a stock salesman would immediately remit applications and payments for shares to the company's officials. Unless given written permission, he could not use funds received in payment for shares for other purposes. The act which incorporated the co-operative stated that no transfer of shares would be valid unless approved by the directors. Therefore, a stock salesman, who might be asked to bring about a transfer of shares, would be expected to refer the request to the directors. On the other hand, the company would be expected to pay its salesmen the salary and commissions to which they were entitled on a regular basis. But the business methods of the co-operative concern and of Wiljames Thompson did not follow the ordinary pattern. The company did not pay Thompson regularly and Thompson did not follow proper procedures.

Because he was not paid on a regular basis Thompson followed the practice of using company funds, including cheques made out to the company, to meet his current expenses. The company would then debit his account on receiving a statement of his various transactions. This was the usual procedure from 1917 to 1921. Thompson also undertook, on his own initiative, to transfer shares of disgruntled shareholders, and this, too, was done with the knowledge of the company's management. Finally, Thompson had been in the habit of holding applications for shares in suspense accounts rather than turning them in directly to the company.[58]

During 1921, both Thompson and the company became dissatisfied with the way in which Thompson's account was being handled. At one time the company sent Thompson a cheque for $2,253.43 in payment for salary and commissions which were then over ten months in arrears.[59] Thompson was dissatisfied for other reasons. The company had charged him 8 percent on monies he had received from the sale of shares which he had placed in suspense accounts before turning them over to the company. In return, he demanded interest on that part of his salary which was in arrears.

Another reason for the growing tension between company and employee was the action taken by the directors in Thompson's personal financial affairs. Thompson had been a client of the Royal Bank in Saskatoon, and he was about to take legal action against the bank to settle his account there because the bank's valuation of certain of his properties was much lower than his own. The company's directors learned of this dispute and feared that Thompson's ability to sell shares might be impaired. They did not want their best salesman tied up with other business when it was most imperative that more shares be sold so, without Thompson's knowledge, they took it upon themselves to use company funds to settle his account with the bank. When Thompson found that his account with the company had been debited by a like amount, he was most annoyed. The directors explained that the action was an error by an accounting clerk who had found the cheque which had paid Thompson's $1,000 debt and did not know where to charge it. Nevertheless, Thompson's account was not recredited with the amount until almost a year later, in 1920 or early 1921.[60] The Provincial Auditor informed the directors, "The action of the Executive in assuming and paying off a personal liability of $1,000 for Wiljames Thompson cannot be approved. The directors are personally liable for this."[61]

There was little doubt that company officials thought that Thompson was a good salesman. According to Thompson's statements, W.A. Wilson approached him in October 1920 and asked him to raise $200,000 somewhat hurriedly;[62] in June 1921 he had been asked to start a new stock-selling campaign but had declined because he had no assurance that the company's financial state would enable it to pay dividends. If, in fact, Thompson did refuse the request for the reason indicated it is clear that he could be of little further use to the company and that further association would only create additional friction. The dissension began to move toward a climax in August 1921 when the company informed Thompson that his account was overdrawn and threatened him with legal action. Thompson, of course, disagreed with the company's contention and, in the early part of 1922, threatened to take legal action.[63] The company moved first, and on 7 February 1922 Wiljames Thompson was arrested and charged with forgery, uttering, theft, conversion of funds, and false pretenses.[64]

Thompson's trial was held in Saskatoon in the latter part of September. He had cashed company cheques, had held applications for shares in suspense accounts for relatively long periods of time, and had transferred shares on his own initiative. The company claimed he was not authorized to do any of these things and technically this was true. However, evidence presented in his defense also showed that all of these actions had been, at one time and another, accepted practices. In the jury's view this was not the point as far as the legality of his acts was concerned. He was found guilty on two charges of theft and sentenced to one year at hard labour. Twelve years later, in 1934, Thompson attempted to clear his name. He requested a new trial. When his request was refused by the Saskatchewan Court of Appeal, he presented his case to the federal Minister of Justice. He was informed that nothing could be done, but Minister of Justice Hugh Guthrie commented, "He had doubtless established his good name and his fellow-men know that the conviction was unwarranted and obtained on perjured testimony."[65]

Thompson's predicament was used by the co-operative company's management to avoid direct criticism, a fact illustrated by the events at Spruce Lake. Spruce Lake residents had subscribed for shares in a creamery there that was never built. On 26 December 1923 they wrote to Saskatchewan Premier C.A. Dunning attempting to enlist his aid to get their money back. Dunning's secretary, upon receipt of the letter from Spruce Lake, attempted to secure all of the facts. Dairy Commissioner P.E. Reed reported that because a creamery at Mervin purchased cream from the Spruce Lake district on an f.o.b. shipping point basis, the agitation for a creamery at Spruce Lake was merely an attempt to enhance the town rather than to satisfy a need for marketing facilities to further the development of dairying in the district. He also said:

> The reports I have had concerning the sale of stock in the Co-operative are all verbal but leave little doubt that the stock purchased by the people of the district was on the definite understanding that the capital thus raised was to be used for the erection of a local creamery and subscriptions were secured only because assurance was given to this effect by the stock salesman. As the stock was, I believe, largely sold by Wiljames Thompson, the co-operative management might endeavour to discount his statements, but it was also reported that W.C. Paynter, the President of the Company, and one of the directors attended a public meeting at Spruce Lake and stated... that if sufficient stock could be sold in the district... a local creamery would be built. I have no verification of this latter report.[67]

F.M. Logan reported to Dunning's secretary that L.C. Wirtz and Wiljames Thompson had attended meetings at Spruce Lake and had been misled by the promoters of the creamery there. The directors of the co-operative had authorized the sale of shares on the basis of misleading information and, when the facts were known, construction plans were abandoned. However, Logan, in a rather subtle manner, attempted to place the onus for the situation on Wiljames Thompson. Logan's explanation of the Spruce Lake circumstances began with the statement, "On representation made to our Company in 1919 we sent Mr. Wiljames Thompson, who was then acting as promoter and stock salesman for the Company, but who has recently been residing at Prince Albert, to investigate the situation and report."[68] Thompson's part in such dealings enabled the company to shift the moral responsibility of a broken promise to one already convicted of wrong-doing. Thus, Logan could state with impunity that "The application for shares signed by these subscribers have no conditions attached to them with reference to the building of a creamery, so these subscribers would have no legal claim when they request their money refunded."[69] When men pursue a goal with religious zeal most actions, no matter how irresponsible, become justifiable.

The Saskatchewan Co-operative Creameries Company lost $26,207.73 in 1922. This dismal financial showing continued into 1923. Disillusionment began to replace optimism. W.A. Wilson, whose health had started to fail in 1922, resigned his position on 28 February 1923 to take up a less strenuous post as Canada's Agricultural Products Representative in England. F.M. Logan took over as general manager but this change in management did not change the course of the company. The loss for the year ending 31 December 1923 was $113,918.88.

At the annual meeting of the company, held in Regina on 23 February 1923, the directors reported to the shareholders that it had been their policy to bring about a sharp curtailment of capital expenditures during 1922 for, although they had received sixty-five requests for creameries, only one, at Radville, was granted. However, the directors were not prepared to admit that they had erred in the past. They argued that additions to cold storage plants were difficult and costly to make and that therefore "future requirements must be taken into consideration... in connection with original plans of the initial plant." The directors felt that "in providing for future requirements at some sacrifice to present profits we are using a sound business policy that will lead to future earnings."[70]

Continued impairment of the company's assets finally moved its officials out of their seemingly complacent optimism. But the course of action they took reflects their conviction that the underlying assumptions upon which company policy was based were correct. It also reflects the intimate relationship with the government that "co-operative" dairying had always had in Saskatchewan. On 14 December 1923 twenty-six delegates from the company's locals passed a resolution which was to be presented to the government asking for a reconsideration of the basis upon which financial assistance was granted. The resolution implied that assistance was necessary because the operation of cold storage had meant decreased revenue.[71]

When news of this resolution became public it brought forth a storm of protest from private creamery and cold storage operators in the province.[72] Dunning intimated that the government would give no further financial assistance to the company until a thorough examination of its position had been made. Realizing the political implications of the company's predicament, Dunning had discouraged discussion of its affairs in 1923, but by now events had gone so far that he must have felt that the best way to exonerate the government from growing public criticism was to have a full, open investigation. He referred the company's request to the Legislative Assembly's Select Standing Committee on Agriculture with instruction to "investigate the condition of the Company and report upon the request."[73]

In the meantime, the company's directors prepared another resolution to present to the government. This second resolution reached C.A. Dunning on 5 February 1924. It asked the government to reimburse the co-operative for losses sustained in 1923 from the operation of cold storage warehouses and to continue to absorb any such losses for another four years. The directors reasoned that the creamery company could operate profitably if the government agreed to absorb losses on cold storage and cold storage space was "a necessary public utility."

The investigation of the company's affairs started on 12 February 1924 and ended on 21 March. One of the Committee's tasks was to investigate the contention that its cold storage operations were the source of the company's financial difficulties. Neither Logan nor Paynter could tell the committee how much they estimated their company would save if the government took over the cold storage warehouses. The main arguments of the company's officials were couched in general historical terms.[74] Paynter testified that the *Final Report of the Livestock Commission of the Province of Saskatchewan, 1918,* had recommended that cold storage facilities be established at twelve different points in Saskatchewan. This, of course, was true, but W.A. Wilson, the man who had advocated cold storage facilities since 1906, had been secretary to the Commission.

The members of the Select Standing Committee were not satisfied with off-hand estimates and past history, and their concern for concrete facts was intensified by the testimony of the Deputy Provincial Treasurer, A.P. Taylor. He informed the committee that less than one-half of the losses could be attributed to the operation of cold storage facilities. This surprising fact was coupled with Paynter's admission that the company's minute book had been stolen. These revelations set the investigation into full motion.[75]

The committee learned that there was much confusion as to the role the government had played in the company's development. Company officials, in their testimony, implied that mistakes made by management were due, in part, to the government's willingness to accept their decisions. Paynter stated that the company's management had been acceptable to the directors because they had taken over the government's former creamery department along with the man who had run it. Dunning, in defense of the government, insisted that at no time did the company have to employ persons acceptable to the government and he attempted to show that the company had been run on a basis which was independent of the government.[76]

The investigation made it clear that the company's management had ignored accounting procedures. Professor A.C. Leitch, a dairy expert at the Ontario Agricultural College, investigated the company's affairs on his own initiative. The Regina *Morning Leader* reported:

> . . . he [Leitch] found the accounting system inadequate to give a true picture of the progress of the company until 1923 and evidently it had not been used by management to the fullest extent it might have been as a guide in the management of the company.
>
> It was true the company had been successful in the first three years of its operation, but any fool could have been successful in those three years, he declared. . . .[77]

Leitch was astounded at the $450,000 facility the company had built in Regina and commented that a plant costing $125,000 would have been more than adequate.[78] Perhaps Leitch was unaware that men such as Wilson, Logan and Paynter were building "with a view to the future." F.A. Pragnell, who had been treasurer of the co-operative until dismissed for differing with management, testified in a similar vein. He claimed figures regarding capital expenditures were never asked for and that the company expanded so rapidly that enough competent branch managers could not be found. The strain, he stated, affected Wilson's health and, in Pragnell's opinion, he showed signs of a nervous breakdown.[79]

Sidney Smart, a member of the company's Melfort local, complained of the lack of authority vested in the local directorates and admitted that, until the inquiry was mounted, many shareholders had been lulled into a sense of false security by the mistaken impression that the government exercised a watchful eye over the company's affairs. He admitted that his eyes had been opened to the falseness of this impression.[80]

When the private creamery owners testified, both Barbour of the Crescent Creamery Company of Yorkton and Grundeen of Estevan said they were prepared to live with the co-operative concern if it did not receive government assistance that they considered to be unfair to private operators. J.A. Caulder was careful not to criticize the government or the management of the co-operative too severely. He claimed his employees worked harder and longer hours than did those of his rival and that this was indicative of the difference between the two companies. He claimed Wilson had persisted in the idea that four hundred cows could support a creamery. In the 1920s, Caulder claimed, two thousand were needed. Caulder's testimony could be construed as that of a man interested in compromise.[81]

The committee's final report on the company's requests for further financial aid reflected the unfavourable light which the investigation had thrown upon the company's policies and management. The Committee recommended on 21 March 1924 that the government refuse to reconsider the basis upon which financial aid was given to the company and that it refuse to take over the company's cold storage facilities. It also recommended that the basis of representation for shareholders be broadened and that the directors should not be paid employees of the company. Finally, the committee's recommendation that "the government continue to guarantee the credit of the company with the bank for the year 1924, provided that the company gives evidence of improved direction and management" meant that the basic relationship with the government was to continue. The Legislative Assembly voted unanimously to accept the Committee's report as submitted.[82]

The Committee's report was, however, criticized in the Legislative Assembly because it did not mention that the company had used trading account funds for capital expansion and neither did it comment on the government's inaction in preventing sale of the company's shares although it had known about the company's weak financial position. Dunning pleaded guilty to this latter charge but he said he had not wanted to bring about an investigation into the company's affairs earlier because he had hoped the situation would improve. He argued that the government had done in the spring of 1923 exactly what the Committee was recommending it do in 1924, but without an investigation.[83] The fallacy in the Committee's report stemmed from the fact that everyone appeared to agree with the underlying assumption upon which the company's expansion programme had been based. This assumption was that cold storage facilities and creameries, no matter how many there may be, were certain of success when Saskatchewan farmers realized the benefits to be gained from diversification. This simply was not so.

Thus, the report of the Select Standing Committee on Agriculture recommended no far-reaching changes in the company and few of any importance resulted. At the annual meeting held in Regina on 26 March, the company's entire directorate, the general manager, and two superintendents resigned. However, four of the directors who had resigned, W.C. Paynter, J.A. Gregory, W.P. Couldon, and F.J. Ball, were re-elected. Only three new directors, C.A. Needham, H.R. Picketts, and J.J. Cochrane, were elected and although J.A. Gregory replaced W.C. Paynter as president, the latter became vice-president. Thus, there were no radical changes on the board of directors. The resignation of F.M. Logan as general manager was accepted and plans were made to advertise for a man to replace him.[84]

The Committee's suggestion that the basis of representation in the company be broadened so that more delegates could attend the annual meeting was not acted upon. It was decided to continue to have one delegate represent each of the twenty-eight locals. A resolution that would have barred the directors from drawing salaries as employees was defeated. The remarks of J.E. Paynter, delegate from the Tantallon local and probably a relative of W.C. Paynter, appear to be indicative of the attitude which resulted in the shallow attempt to reorganize the company and to reexamine its basic policy. He was reported as suggesting that the company's business should be carried on as usual as though no application for relief and no legislative report had been made, for the government could not afford to allow the creameries to "go under."[85]

The most significant change which took place in the company's affairs was the acquisition of a new general manager. The man finally chosen to succeed F.M. Logan was A.P. MacLean of Winnipeg. MacLean had been employed with the Canadian Packing Company and was experienced in the production and selling of butter both in the domestic and export markets.[86] In addition, the company appointed a purchasing agent to unify and consolidate all purchases and induced the provincial dairy commissioner, P.E. Reed, to become production manager. The positions of secretary and treasurer were united and canvassers carried on an intensive campaign to secure a greater share of the cream produced in the province.[87]

These changes did not, however, change the basic policy that directors and management had followed from the company's inception. In 1924, the Langenburg and Tisdale creameries were reopened. The Fiske creamery was closed but, reflecting the insistent desire to expand, a committee appointed to find a suitable location to re-erect it chose Conquest, Saskatchewan. In line with a policy of extending markets for the company's produce a fully equipped plant in Winnipeg owned by the Canadian Packing Company was leased in spite of strenuous objections from the Manitoba Co-operative Dairies, Limited, the United Farmers of Manitoba and the Winnipeg District Milk Producers' Co-operative. MacLean argued in part that:

> ... we strive and will strive to increase production — finding outlets in distant markets to take care of the surplus. Undoubtedly being in Winnipeg will put us in a better position to find and develop these markets to advantage.[88]

That the directors of the company were in harmony with MacLean's desire to expand is indicated in the circular letter to shareholders dated 6 February 1925. In it they stated some of their objectives:

> ... your Directors have a vision of making your Company the largest of its kind in America, of stimulating production. of being an educative force within the Province, of co-operating with the Department of Agriculture and College of Agriculture in doing the pioneer work in laying the foundations wisely and well, of *establishing diversified farming in all its branches....*[89] (Author's italics)

This is the same vision that W.A. Wilson and so many others had had in the past. And the co-operative company continued to expand on the basis of a vision rather than the economics of Saskatchewan agriculture.

The year 1924 ended with the Saskatchewan Co-operative Creameries Company showing a loss of $68,004.32. However, an improved showing over 1923 was evident. In 1925 the company showed a profit of $17,337.80 — brought about, in the opinion of the company's directors, "as a result of careful and skillful direction and management on the part of your Directors and management."[90] Perhaps they were entitled to take credit for the company's improved showing but it is also true that 1925 was the most prosperous year the entire dairy industry in Saskatchewan had witnessed since 1919. Creamery butter production increased by 2,362,000 pounds in 1925 — an increase of 17.3 percent over 1924 — and although the number of creameries in operation increased by seven during the year, the output per creamery also increased. Prices for Saskatchewan creamery butter in export markets remained relatively high throughout the year as they did in domestic markets.[91] And the revenue from cold storage warehouses showed a marked increase when the ban on liquor sales in the province was abolished.

Three new creameries were established in Saskatchewan in 1924, seven in 1925 and seventeen in 1926. In his annual report for 1927, P.E. Reed (who was once again the Dairy Commissioner for the province after a short stay with the Saskatchewan Co-operative Creameries Company as production manager) expressed concern about the proliferation of creameries:

> Many of the creameries built the last two years must certainly have been put up with the idea of pre-empting territory with a view to future development rather than of serving the producers at the present time or anticipating profitable operation in the immediate future. The Dairy Branch has not promoted the construction of new creameries in recent years, but rather has openly discouraged this particular form of development.[92]

J.A. Caulder's company and the Saskatchewan Co-operative Creameries Company were in the midst of the competitive struggle.

The optimism generated by the profits earned in 1925 was soon dissipated. In 1926 the co-operative lost more on operations than in any previous year —$187,942. The reason for this reversal is not difficult to determine. The manager of the Regina branch of the Bank of Montreal informed MacLean that:

> Loans have been practically rigid between $1,004,000 and $1,044,000 during the month of January.
>
> Analysis of your account for some time past would seem to indicate that you have been holding butter, cheese, poultry, etc., in anticipation of better prices, and with the object of providing funds for your requirements to meet cream tickets issued you have resorted apparently to the temporary expedient of consigning merchandise and drawing against it.
>
> We must ask you to take steps to see that loans are brought, as soon as possible, within the $950,000 set in the Government Guarantee.[93]

A.P. MacLean, like Wilson and Logan before him, reverted to unbusiness-like practices. He had taken over a company which had been characterised by expansion at all costs and he resorted to speculation in an attempt to make it a viable enterprise.

In the face of declining butter prices and monthly losses it became imperative that action be taken to bring about a fundamental change. There were three possible courses of action, the sale of the company, the initiation of winding up procedures or, finally, the merger of the co-operative with Caulder's Creameries, Limited.

There was no company or syndicate in Saskatchewan which could or would purchase the co-operative. But there were rumours afloat in 1927 that eastern interests were interested in the co-operative company, Caulder's company, or both. Eastern Dairies Limited, a company formed by the merger of four dairy companies operating in Ontario and Québec was expanding its horizons.[94] Premier J.G. Gardiner was reported to have said, "The government was doing everything in its power to protect the dairy producers of the province from domination by outside interests. . . . Offers have been made by the syndicate for the purchase of both the Co-op and Caulder's Creameries."[95] The syndicate he referred to was most likely Eastern Dairies but the possibility remains that Gardiner was merely smoothing the way for the policy actually implemented by the government in 1927.

A second course of action open to the government with regard to the failing company was to initiate winding up procedures. The government's agreement with the co-operative with respect to loans gave it this right, but because of the government's close relationship with the company, an admission of complete failure was second best to any solution that could conceivably lead to the possibility of financial success. Given the fact that the co-operative would not have been able to compete with a powerful, eastern-controlled creamery firm (which it would have had to do if Caulder's Creameries were sold to Eastern Dairies), and given the tendency to regard poor management and direction as the source of the company's troubles, the third alternative, amalgamation with Caulder's Creameries was chosen as the least objectionable course of action to take.

The first official announcement that the directors of the Saskatchewan Co-operative Creameries and of Caulder's Creameries were negotiating to bring about a merger came in the Legislative Assembly on 9 February 1927.[96] Events moved quickly. The shareholders of the co-operative approved the terms of the merger on 16 February. (J.A. Caulder addressed the co-operative shareholder's meeting at which the merger was approved. J.A. Gregory, the president of the co-operative company, was quoted as having said, "Joe Caulder managed to convince the delegates to our convention that he had neither horns nor hoofs, several delegates put their hands on his shoulders to see if he had wings.") The shareholders of Caulder's Creameries approved of the amalgamation of the two companies on 24 February. An act to amend the act which had incorporated the Saskatchewan Co-operative Creameries Company became law on 1 March 1927.[97] The amending act made the prior measure consistent with the terms of the agreement through which amalgamation took place, and made those terms binding before the law.

By 1927 the financial affairs and the financial structure of both the Saskatchewan Co-operative Creameries Company and of Caulder's Creameries, Limited had become complicated indeed. It was unfortunate that the merger took place in an atmosphere of urgency. To consummate the merger the shareholders of each company had to be considered. As well, Caulder's Creameries had issued bonds. The government had a large financial stake in the co-operative creameries because of the loans it had made and because of its guarantee of loans the funds from which were used for trading purposes. In addition, the co-operative company's Winnipeg operation had to be considered separately and Caulder's company had financial obligations dating back to the period when it had rapidly acquired creameries in the Saskatoon area through Western Creameries, Limited.

There were three classes of shareholders to consider.[98] First, there were the holders of the 7 percent, cumulative, participating, preferred shares which made up $600,000 of the equity capital in Caulder's Creameries. These shareholders were to be able to exchange their shares for similar $10 shares which were to have prior claim, both as to the assets of the company and the payment of dividends, over all other equity capital in the new company. The holders of these preferred shares could vote only in the event that dividends were not paid. Second, Caulder's Creameries common shares, of which $108,000 had been subscribed, had to be considered. The holders of these shares were to be issued what were called "amalgamation shares" that were to be issued in series, the first of which was Series A. These shares ranked second in priority (as far as the equity capital was concerned) over the assets of the company and as to dividends. Thus, the holders of shares in Caulder's Creameries found themselves in a relatively favourable position in the new company.

The third group of shareholders to be considered were those who held common shares in the Saskatchewan Co-operative Creameries. At the time of amalgamation there were 5,663 co-operative common shares of $1 denomination and 40,316 co-operative shares of $20. These shares were ranked last in priority over the assets and profits of the new company because it had been conceded that they had no value. On the other hand, J.A. Caulder had declared the shares in his company, both preferred and common, were worth one hundred cents on the dollar.

Caulder's claim was based on an audit of Caulder's Creameries, Limited, which was tabled in the Legislative Assembly on 2 March 1927 and which showed a surplus of assets over liabilities of $26,567.58 as of 31 December 1926. But, unlike the audit report of the Saskatchewan Co-operative Creameries Company, the audit of Caulder's Creameries did not make allowance for depreciation. Not only that but another audit of Caulder's Company as of 28 February 1927 turned the surplus of $26,567.58 into a deficit of $157,093.47 to which should have been added an amount for depreciation. Caulder tried to explain this reversal from a surplus to a deficit in a letter to the directors of the company dated 19 April 1927. In the letter he stated that the difference in the two statements, amounting to $183,661.85, was accounted for by the fact that a $100,000 item for good will in the earlier audit was changed to $1.00 in the latter. The rest of the difference, Caulder said, was accounted for by operating losses in January and February, reserves for bad debts and other contingencies. How-

TABLE 6.1

SASKATCHEWAN CO-OPERATIVE CREAMERIES LIMITED

Statement of Assets and Liabilities as at 28 February 1927

(Prior to inclusion of Caulder's Creameries, Ltd.)

Assets			
Schedule			
A.	Cash on hand and in Bank		71,045.02
B.	Accounts Receivable		168,851.29
C.	Deposits on Contracts		1,395.48
D.	Advances to Officers and Employees		2,348.09
E.	Stocks on Hand		335,026.89
F.	Supplies on Hand		63,533.27
G.	Prepaid Expenses		9,526.23
	Total Current Assets		651,726.27
H.	Real Property, Building and Plant		1,273,087.68
	Total Assets		1,924,813.95
J.	Deficit		443,060.17
			$2,367,874.12
Liabilities			
Schedule			
K.	Cheques issued and outstanding		64,972.94
L.	Accounts Payable		84,376.71
M.	Cream and Milk Tickets outstanding		54,076.47
	Advances from Bank of Montreal ($600,000 guarantee by Sask. Govt.)		1,099,500.00
P.	Reserve for Bad Debts and Contingencies		41,755.64
			1,344,972.86
O.	Advances from Saskatchewan Government secured by mortgages on Property		677,866.17
	Capital: Subscribed	811,983.00	
	Uncalled	466,947.91	345,035.09
			$2,367,874.12

Source: Archives of Saskatchewan, Local Government Board, File No. 9167-A.

ever, he failed to bring to light the fact that depreciation had not been taken into consideration in either statement. The Provincial Auditor drew attention to the fact that depreciation to an amount of $170,256.77 should have been added to the deficit of $157,093.47 making a total deficit of liabilities over assets in Caulder's Creameries at the time of amalgamation of $337,350.24.

According to the audit, which showed a deficit of $157,093.47 in Caulder's Creameries, the common shares of this company were valueless and there was a shortage of assets of $49,093.47 behind the preferred shares. If depreciation of $170,256.77 was added, the actual shortage of assets against preferred shares became $219,350.24. On this basis, they were worth 63.44 cents on the dollar before amalgamation. After amalgamation a further deficit of $98,025.08, the

TABLE 6.2
CAULDER'S CREAMERIES LIMITED
Statement of Assets and Liabilities as at 28 February 1927

Assets			
Schedule			
A.	Cash on Hand and in Bank		4,667.13
B.	Accounts Receivable		73,270.28
B.	1. Due on Shares by Shareholders		54,581.96
C.	Advances to Employees		153.46
D.	Agreements Receivable		5,989.79
E.	Stocks on Hand		30,963.04
F.	Supplies on Hand		57,510.74
G.	Shares in other Companies		4,686.56
H.	Prepaid Expenses		7,516.96
	Total Current Assets		239,339.90
	Goodwill		1.00
	Real Estate, Property, Plant and Equipment		1,235,784.87
			1,475,125.77
N.	Deficit		157,093.47
			$1,632,219.24
Liabilities			
Schedule			
I.	Outstanding cheques		22,718.74
J.	Accounts and Bills Payable		58,053.54
M.	Expenses Accrued and Payable		19,608.74
L.	Cream and Milk Tickets Outstanding		34,910.16
	Advances received on Butter Contracts		11,088.20
	Advances from Bank of Commerce		69,306.56
K.	Directors Loans		76,065.88
	Property Agreement Payable		1,019.71
	Bond Coupons Due and Outstanding		2,373.00
	Dividends Payable		620.07
	Reserve for Bad Debts and Contingencies		10,527.02
			306,291.62
O.	Mortgage Bonds		617,927.62
			$924,219.24
Capital			
	Preferred Shares Subscribed	600,000	
	Common Shares Subscribed	108,000	708,000.00
			$1,632,219.24

Source: Archives of Saskatchewan, Local Government Board, File No. 9167-A.

amount by which the deficit in the co-operative company exceeded paid-up capital, further reduced the value of preferred shares to 47.10 cents on the dollar. Thus, Caulder's claim that shares in his company were worth one hundred cents on the dollar would not have been substantiated at the time of amalgamation if a more careful study of his company's position had been made. No wonder that he and his directors were prepared to merge with their arch rival, the Saskatchewan Co-operative Creameries Company. (See Tables 6.1, 6.2 and 6.3 for statements of the assets and the liabilities of both companies and for a consolidated balance sheet as at 28 February 1927).

One of the most contentious issues to be solved at the time of the merger was the security to be given to the government. The company was to create and issue "government redeemable shares" which were to rank next to the amalgamation shares, Series A, in terms of priority over the company's assets and the payment of dividends. All of these shares were to be issued to the government and the amount so issued was to be based upon two considerations: the amount the government would have to pay the bank on account of the line of credit it had guaranteed, and the size of the mortgage over the company's assets which the government was to receive. The basic problem involved in arriving at the amount of the government's mortgage and the amount of government redeemable shares was that of placing the two merging companies on an equal footing insofar as fixed charges on real estate, property, plant and equipment were concerned. The government held first mortgages on the property of the Saskatchewan Co-operative Creameries, and Caulder's Creameries had issued mortgage bonds to the extent of $800,000. The relative mortgage indebtedness of the two companies was to determine the amount of government redeemable shares to be issued.

The formula worked in the following manner. The replacement value of the Saskatchewan Co-operative Creameries was estimated to be $1,637,588.62 and that of Caulder's Creameries to be $1,235,784.87. Thus, with a bonded indebtedness of $800,000, there were fixed charges against Caulder's Creameries of 64.73 percent of the replacement value. If the same percentage had been placed against the property of the co-operative company the government would have been entitled to a first mortgage of $1,060,011.11. On the day of amalgamation, 28 February 1927, the government held mortgages on the co-operative's property amounting to $649,753.30. This, therefore, would have allowed the government to take an additional first mortgage of $410,257.81. After paying the Bank of Montreal the full amount of the government's guarantee of the company's line of credit for trading purposes the government would have had to accept $189,742.49 in government redeemable shares as additional security. The total of the mortgage the government would hold, would be $1,060,011.11.

J.A. Caulder and his directors decided that the first mortgage to be given to the government was not to exceed $900,000. This meant the government would receive an additional mortgage of only $250,246.70 and that the balance would have to be taken in government redeemable shares to the amount of $349,753.30. The government, by Order-in-council number 1152/27, dated 18 August 1927, authorized the payment of the company's line of credit that it had guaranteed —$600,000.[99] Caulder's wish to keep the government's mortgage at $900,000 was acceded to when the government decided to accept figures which entitled it to a mortgage of $922,782.82 and accepted a payment by the company of $22,782.82. The government then accepted shares to the amount of $355,083.35 (instead of

TABLE 6.3
SASKATCHEWAN CO-OPERATIVE CREAMERIES LIMITED AND CAULDER'S CREAMERIES LIMITED
Consolidated Balance Sheet as at 28 February 1927

Assets	
Cash on hand and in banks	75,712.15
Accounts receivable	242,121.57
Unpaid calls on Shares Receivable	54,501.96
Deposits on Contracts	1,395.48
Agreements for Sale Receivable	5,989.79
Advances to Officers and Employees	2,501.55
Stocks on Hand	365,989.93
Supplies on Hand	121,044.01
Shares in other Companies	4,686.56
Prepaid Expenses	17,043.17
Total Current Assets	891,066.17
Real Property, Buildings and Plant	2,508,872.55
Goodwill	1.00
Total Assets	3,399,939.72
Deficit	600,153.64
	$4,000,093.36
Liabilities	
Cheques issued and outstanding	87,691.68
Accounts and Bills Payable	142,430.25
Accrued Expenses Payable	19,608.74
Cream and Milk Tickets outstanding	88,986.63
Advances received on Butter Contracts	11,088.20
Advances from Bank of Montreal	1,099,500.00
Advances from Canadian Bank of Commerce	69,306.56
Advances from Directors	76,065.88
Property, Agreement Payable	1,019.71
Bond Coupons due and outstanding	2,373.00
Dividends Payable	911.17
Reserve for Bad Debts and Contingencies	52,282.66
Advances from Government of Saskatchewan	1,651,264.48
Received by Mortgage on Property	677,866.17
Bonds, secured by Mortgage on Property	617,927.62
Total Liabilities to Public	2,947,058.27
Capital	1,053,035.09
	$4,000,093.36

Source: Archives of Saskatchewan, Local Government Board, File No. 9167-A.

$189,742.49). The $900,000 mortgage was to be in effect from 30 June 1927 until 31 December 1941 at a 5 percent rate of interest, but none of the principal and interest was to be paid until after 1931 when both interest and principal were to be repaid in twenty equal instalments.[100] Of course, the government's $900,000 mortgage and the mortgage bonds of Caulder's Creameries, Limited amounting to $800,000 ranked first, on an equal basis, in terms of claims on the amalgamated company's assets.

Aside from the agreement which merged Caulder's Creameries with the Saskatchewan Co-operative Creameries and which the act to amend the act to incorporate the Saskatchewan Co-operative Creameries ratified, the amending act itself provided several important changes. The authorized capital stock of the company was increased from $1 million to $3 million. The provisions in the original measure regarding patronage dividends were not repealed but, because of the new equity structure, such patronage dividends were not likely to be possible. The 1927 act stated explicitly that no dividends of any kind were to be paid which would have the effect of further impairing the capital of the company. To ensure that reckless capital expansion would not again take place, the Local Government Board was to give its consent in writing before the company could make any capital expenditures. To ensure against speculative trading in butter and other products the company was to obtain permission from the Local Government Board before it could purchase finished products of any description in which the company dealt. The Board was to have access at all times to the company's books and to any information it required. The Lieutenant-Governor-in-Council was given power to assign and delegate additional powers over the company to the Board.[101] The new arrangements of 1927 placed the company under the direct supervision of a government board. However, the high hopes held for the creamery company after amalgamation were doomed to disappointment. Only exceptional circumstances could have enabled a company burdened with mortgage indebtedness and with its equity capital already impaired to succeed.

It was necessary for the newly-formed company to arrange for a line of credit at the bank which would be guaranteed by the government. A formal agreement dated 9 August 1927 set the limit of the line of credit that was to be related to a government guarantee at $600,000 of which the government guaranteed $400,000. There were other financial matters that had to be cleared up. The Saskatchewan Co-operative Creameries had operated out of Winnipeg. The Saskatchewan government did not wish to become involved in any way with a business carried on in another province, and so the co-operative's obligations arising out of Winnipeg had to be dealt with without reference to government guarantees. Caulder's creameries had liabilities of $76,065.88 by way of loans from its directors, a mortgage of $127,500 held by M.J. Scott in connection with the acquisition of the Farmers' Creamery Company in Saskatoon, and an advance from the Bank of Commerce at Moose Jaw for $69,306.56. Caulder had assumed the company's line of credit at the bank could be used to meet these obligations; the government would allow only the Moose Jaw loan to be discharged from the account it guaranteed. It was necessary, therefore, to secure funds elsewhere and hence the origins of another obligation to the government — "the mortgage guaranteed account."

Caulder's Creameries, Limited, had issued $800,000 in bonds. Of this total $500,000 had been sold to the public and $300,000 was held by the Executors and Administrators Trust Company of Moose Jaw (except for $5,700 which, apparently, had been sold). Now that the government refused to allow the line of credit guarantee to be used to meet prior obligations or to be used for capital expenditures, S.P. Grosch, chairman of the Local Government Board, suggested the unsold bonds (actually the property which secured these bonds) be used as security for government loans.[102] Legal advice resulted in the abandonment of plans to advance money on the security of the bonds. Instead, the bonds were redeemed and the government arranged a "mortgage guaranteed account" amounting to $270,000 for the company at the bank. This amount was arrived at rather than the full $300,000 because the government was prepared to guarantee the full $300,000 only if the appraised value of the company's assets represented

80 percent of the total. Caulder claimed the properties behind the bonds were worth $400,000. Grosch pointed out that this figure was new replacement value and should be adjusted for depreciation as were the plants of the co-operative creameries. Caulder indignantly responded:

> I also want to assure you that there cannot be any basis of comparison between Saskatchewan Co-operative Creameries plants and these new Caulder's Creameries plants.... It would appear that you are under the impression that the values of these plants were raised on our books. Such is not the case.[103]

Nevertheless Grosch depreciated Caulder's $400,000 figure to $330,000 and the loan of $270,000 represented approximately 80 percent of Grosch's valuation.

The "mortgage guaranteed account" enabled the company to pay M.J. Scott and the directors of Caulder's company in full. The $22,782.82 adjustment on the government's $900,000 mortgage came from this account as did certain capital expenditures, and by October 1927 there was left a margin of but $12,424.31 in the account. The company was still faced with the problem of funds for capital expenditures because even when internal funds were generated they were paid out in dividends. The company's board of directors requested that the government increase "mortgage guarantee account number one" to the full $300,000 and that it set up another account of $150,000 to provide for capital expenditures in 1928. The government complied.[104]

The strength of Caulder's bargaining position at the time of amalgamation was reflected in the terms of the merger agreement respecting control in the new company. The holders of common shares in Caulder's Creameries Company who received amalgamation shares, Series A, were given the right to elect a number of delegates to attend general meetings equal to the number of delegates elected by the locals of the old co-operative company. Because only $108,000 of these amalgamation shares had been issued and because they could vote by proxy, one man could virtually control the newly-formed company with an investment of only $54,000.

However, it must be remembered that preferred shareholders would become eligible to vote if dividends were not paid. Caulder had every reason to pay dividends to this class of shareholders. He arranged this over Grosch's objections by setting aside insufficient funds for depreciation. In the financial years 1928 and 1929, the company paid all interest charges on mortgages and bonds, spent between $60,000 to $100,000 on maintenance, and paid dividends to the holders of preferred and Series A shares, with surpluses showing on its books of $5,085.72 at the end of 1928 and $9,853.11 at the end of 1929.[105]

The company's ability to meet its obligations and pay dividends in 1928 and 1929 was the result of several factors. The merger of the two companies in 1927 allowed for a reduction in operating expenses. J.A. Caulder reported to the shareholders on 5 July 1928 that in the twelve months immediately following amalgamation the expenses of the company were $458,000 less than the combined expenses of the two companies for the twelve-month period prior to the merger. Again, the merger eliminated the intense competition that had led to the building of new creameries, sometimes side by side, as in Indian Head. In fact, creameries could now be closed. In 1927 factories were closed at Indian Head, Bruno, and Conquest while only one, at Imperial, was opened. In 1928 the company closed branches at Birch Hills, Gravelbourg, Invermay, and Radville while opening one at Foam Lake. In 1929 branches at Assiniboia, Bulyea, Imperial, Cudworth, Maple Creek, and Outlook were closed.[106] It is reasonable to assume that the plants that were closed had been previously operated at a loss.

Although amalgamation brought with it certain savings, it must not be forgotten that the heavy overhead charges which burdened the old companies were by no means eliminated. One must look elsewhere to find the reasons for the company's apparent success in 1928 and 1929. The dairy commissioner for Saskatchewan, P.E. Reed, stated that "Conditions during the period covered by this report [1928] were generally quite favourable to dairy production and the year 1929 must be regarded as one of the favourable ones for the dairy industry in Saskatchewan."[107] The co-operative company shared in these favourable conditions.

The most important single factor in the company's ability to pay dividends in the years immediately following the merger was the ever-increasing involvement of the taxpayer's money in the concern. The government continued to guarantee the company's operating account at the bank. The company was not required to pay the government any of the principal on the $900,000 mortgage it held until 1931. Funds for capital expenditures were acquired by the company by borrowing from the bank monies guaranteed by the government. As security the government received additional mortgages on the company's property. The government's mortgage claim was further increased when it paid the amount required to redeem the outstanding bonds that had been issued by the old Saskatchewan Creamery Company of Moose Jaw in 1920, maturing 1 July 1929. This amount totalled $159,200 and the government took as security for this an equivalent amount of bonds which were to mature in 1944.[108] While the company was indebted to the government by way of mortgage to the extent of $677,866.17 on 28 February 1927, it was indebted to the government to the extent of $1,612,204.51 on 30 December 1930. This was made up of $895,425 owing on the $900,000 mortgage, $557,579.51 on mortgage guaranteed accounts at the bank and the $159,200 in bonds.[109] Thus it becomes clear that the company operated, paid dividends, and maintained plant upon the strength of government funds.

It is true that part of the increase in mortgage indebtedness to the government was a direct result of a reduction in bonded indebtedness to the public. In February 1927 the bonded indebtedness to the public was $630,440.32. This had been reduced to $257,100 on 31 December 1930. This reduction occurred partly because outstanding bonds held by the Executors and Administrators Trust Company had been redeemed and the property behind them used as security for mortgage guaranteed advances from the bank, and partly because of the government's acceptance of $159,200 in bonds after it had paid the bondholders of the old Moose Jaw company. In any case, the total mortgage indebtedness of the company increased from $1,295,793.79 in February 1927 to $1,867,304.51 on 30 December 1930.[110]

The annual report of the directors of the company in February 1929 was full of optimism. The report stated "we no longer need worry about our cold storages crippling the company's operations." The balance sheet accompanying the report contained goodwill amounting to $600,000 and the report stated "we believe that the fixed assets of the company are worth the value as shown and again perhaps considerably more, but this can only be determined by having a new appraisal made by competent people."[111] This statement was made in spite of the fact that the company had sold certain of its properties and in each case the purchase price was below the book value. One Regina plant sold for $36,212.08 less than its book value.

The government shared the new optimism. On 2 February 1929 an act amending the act to incoporate the Saskatchewan Creameries Company was passed, placing the shares which had been exchanged for old co-operative creameries shares next in line to amalgamation shares, Series A, and ahead of government redeemable shares in order of claims on assets and profits.[112] W.J. Patterson, Provincial Treasurer, stated:

> It now looked as if a dividend could be provided for another class of shares. Having in mind that the common shareholders were producers, it was felt that the producers should be placed in a position to receive the dividend.[113]

This statement was made in spite of the goodwill item on the company's books, in spite of the fact property was sold for much less than its book value, and in spite of the fact that dividends had been paid only because inadequate provision had been made for depreciation.

J.A. Caulder was the prominent personage in the co-operative company from 1927 to 1930. It was Caulder who periodically wrote to government members, to the Local Government Board, and to the directors and shareholders of the company with regard to the progress being made by the "co-operative" company. It was Caulder, too, who insisted that dividends must be paid, that the amount set aside for depreciation be limited and that he be given more freedom in running the company's affairs. The government acquiesced on nearly every issue. Caulder's amazing persuasiveness probably stemmed from his willingness to threaten the government from a position of power which stemmed from the negotiations surrounding the amalgamation. The fact is that he owned a block of amalgamation shares, Series A, which was sufficiently large to give him the ability to elect seven out of fourteen directors of the company. A letter, written by Caulder to Grosch during a controversy over the payment of dividends and other matters, appears to indicate that he was not averse to using his position to get his views implemented. The letter was written in long hand for obvious reasons:

> July 11, 1927
>
> Dear Mr. Grosch:
>
> I heard today that you were leaving in a few days and would be away a month. This note is to call your attention to the fact that I made certain statements to the Provincial Treasurer on friday [sic] night every word of which I meant. If Mr. Gardiner has not advised you of what I said I would suggest that you mention the matter to him because certain matters must be cleared up by July 31st or my present intentions will be carried out and I do not want to find out later that you were not aware of my ideas on these matters. If Mr. Gardiner has left town I will be glad to repeat my statement to you if you will allow me a ten minute interview. You will understand why this letter is written in long hand.
>
> Yours very truly
> J.A. Caulder[114]

J.A. Caulder remained as president and general manager of the co-operative creameries company until he resigned the latter position on 7 February 1929. He remained as president until April 1929. The reason for his resignation as general manager was said to be the strain of the work. He was reported to be planning a short holiday, after which he was to launch a new business in Regina not connected in any way with the creamery business. In fact, the merger agreement of 1927 explicitly stated Caulder was to pledge, in writing, that he would not solely or jointly with any other person or company, directly or indirectly, engage in any business with objects similar to that of the co-operative while he held any position with the company and for six months thereafter.[115]

However, Caulder was not one to be bound by such agreements and on 20 June 1929 *The Financial Post* reported that:

> Dairy Corp. of Canada is a new company organized by R.A. Daly and Company to control Edmonton City Dairy and Montreal Dairies and to invest its funds in other enterprises. . . . Other dairies may later be brought under the control of the new company.
>
> J.A. Caulder who has become associated with R.A. Daly will be president and general manager of the Dairy Corp. of Canada.[116]

Less than six months after he had resigned as general manager and less than two months after he had resigned as president, Caulder was again engaged in a business of a similar nature, contrary to the intentions of the merger agreement. He justified his actions by claiming the directors of the co-operative had, at the time he had resigned as president, unanimously passed a resolution freeing him from any such obligation. He also interpreted the agreement to mean that he was not to enter the dairy industry in Saskatchewan. As the Dairy Corporation of Canada did not acquire plants in Saskatchewan until 8 March 1930 he claimed he had lived up to any obligation to remain outside the dairy industry of the province for six months after leaving the co-operative company.

Nevertheless, what Caulder called an "impossible situation" now existed. A man who was president and general manager of a firm that was a potential competitor or purchaser of the Saskatchewan Co-operative Creameries Company was in a position to control its activities. It seems likely that the Liberal government knew that this "impossible situation" was going to arise because on 2 February 1929 the Legislative Assembly approved sections in an amending act which stated that the Provincial Treasurer, if so authorized by the Lieutenant-Governor-in-Council, could buy all or any amalgamation shares, Series A, without the approval of the company's directors.[117] In fact, after the provincial election of 6 June 1929 in which the Liberal government was defeated, Caulder claimed that the Liberals had promised to buy his interest in the company after the election was over.[118] The results of the election made it necessary for Caulder to deal with a new group of men.

In September 1929 Caulder requested the new government to honour what he called the promise of the old to buy his shares under the terms of the merger agreement, which meant at par plus a premium of three dollars each. The government was unwilling to pay the full face value, let alone a premium, and negotiations continued throughout the rest of 1929 and most of 1930. Caulder offered to buy the Saskatchewan Co-operative Creameries on behalf of the Dairy Corporation of Canada for about $2 million — otherwise he desired to sell his shares. On 19 December 1930 an Order-in-Council was passed authorizing the purchase of 5,843 amalgamation shares, Series A, from J.A. Caulder at a purchase price of $55,000. The only explanation the government gave for this transaction was that Caulder, who was the manager of "the Daly Creamery interests" throughout the Dominion, "could dictate the policy to be followed by the Saskatchewan Co-operative Creameries Company."[119] But the government must have realized that the company would be unable to continue paying dividends to preferred shareholders which would give them voting privileges. By 31 December 1930 the government had invested over $2 million in the "co-operative" company.

By 1930 the government realized that the company could not operate without government support. The company was unable to pay dividends to any of its shareholders in 1930 and its economic fortunes went from bad to worse in 1931. In October 1931, O.W. Andreason, who had replaced Caulder as general manager and president of the company in 1929, announced that the head office staff was to be reduced from fifty to fifteen.[120] Creameries were closed at Foam Lake, Fairlight, Kelliher, Wolseley, Lanigan and Watson. The creamery at Tantallon was destroyed by fire, and the creamery at Wilkie was rented to Hans Jensen. The creameries at Sturgis, Carnduff and Wawota had been closed in 1930. Continued and mounting losses led to the appointment of the Canadian Appraisal Company to value the entire assets of the failing company.

The results of the appraisal were not made public until 16 December 1931. The figures released revealed that the co-operative had had a deficit of $88,487 in 1930 and, to everyone's astonishment, a deficit of $1,925,137 in 1931. The Regina *Leader-Post* stated, "The almost unbelievable deficit was explained by Mr. Rooke (of the appraisal company) and Mr. Andreason as due to depreciation of assets recorded in a new appraisal of the firm, here taken into account for the first time, and the depreciation particularly of the 17 plants of the company which are closed at the present time, mostly in the drought area."[121] The government took steps to place the company in receivership.

The Government Sponsored Economic Survey of the Dairy Industry in Saskatchewan

As the illusion that dairy farmers had a government-sponsored co-operative organization through which to market dairy products slowly faded during the 1920s, farm producers and leaders of Saskatchewan's farm organizations became more insistent that the interests of dairy farmers be safeguarded. Dissatisfaction with the structure of the dairy industry was made evident at the conventions of the Saskatchewan Dairy Association, in the growing interest in dairy matters exhibited by farm organizations such as the United Farmers of Canada (Saskatchewan Section), and in a request for an investigation into the marketing of dairy products. The government's financial involvement with the Saskatchewan Co-operative Creameries Company, and the dairy commissioner's intimate knowledge of the creamery industry, placed the administration in an unaccommodating position when dairy farmers became more insistent that the marketing of dairy products required investigation.

The 1921 convention of the Saskatchewan Dairy Association had ratified changes to the constitution which provided for delegates from "producers' locals." Each local organized by dairy farmers was entitled to one delegate when its membership was from ten to fifty members. For each additional fifty members, or fraction thereof, a local was entitled to an additional delegate to a maximum of three. (The 1919 constitution had mentioned "sub-associations" which were limited to one delegate.) Now each producers' local could have the same number of delegates as did each creamery. It was at the 1921 convention, too, that it was decided that future conventions were to be divided into a producers' day and a manufacturers' day.[122]

Sometime after 1921, probably in 1924, a producers branch of the Saskatchewan Dairy Association was formed. Mrs. T.L. Graham, a Craven resident, was secretary of this "producers branch," and she appeared before a meeting of the association's directors on 24 August 1924 with proposals regarding the financing of locals. The directors tabled the matter. One of the purposes of the producers organization was to act as a clearing centre for producer grievances over dairy matters but there is no evidence to indicate that it was effective.[123] However, its existence is an indication that farm producers were concerned regarding their status in the dairy industry.

Producers' locals became more active and on producers' day at the Saskatchewan Dairy Association's 1925 convention the functions of these locals were thoroughly discussed. The discussion included references to the necessity of farmers owning their own creameries, the fact that farmers had no say "in either buying or selling," and the necessity of getting better terms from manufacturers. O.W. Andreason took part in the discussion and was reported to have indicated that any misunderstanding between producers and manufacturers could be resolved by communication between the two groups and "with mutual confidence, instead of suspicion, they would get along much better."[124] It should be remembered that the 1925 convention was the first convention to be held after the legislative investigation into the affairs of the Saskatchewan Co-operative Creameries Company in 1924.

The 1925 convention left little doubt that dairy producers were growing restless with regard to their relations with manufacturers. By the time the 1928 convention was held the Saskatchewan Co-operative Creameries Company had amalgamated with Caulder's Creameries. It had become even more difficult to present the company as a co-operative working in the interests of producers and, by now, dairy farmers were aware of the over-expansion in creamery facilities that had taken place. The Regina *Leader* reported the proceedings of the producers' section at the convention and part of that report states:

> ... Mr. Ward asked if the producers were going to do their own business themselves or continue to allow others to do it for them. He declared the producers were not getting the service they were entitled to expect from the existing method of distribution.
>
> As an instance of what he described as the 'stupidity' of those responsible for the present system Mr. Ward said a creamery was opened in Conquest and then another firm built one at Outlook and another firm built one at MacRorie so that there were now three creameries within ten miles of each other.
>
> Such a 'colossal piece of stupidity' was the failing of the present system.
>
> Leonard Merrit, Gibbs, said there was a Co-operative creamery at Bulyea that had no business, but a man had to be kept on the premises on account of the insurance. Such overhead on the producers of the province was killing the dairy industry, he declared.[125]

The dairy farmers were aware of the costs to the dairy industry of the large number of creameries that had been established. Apparently, they were not aware of the fact that the manufacturers had divided the province into competitive zones and acted in concert on prices.

At the 1928 convention the dairy farmers requested an investigation into the marketing of dairy products. Later in 1928 the directors of the Saskatchewan Dairy Association requested the trustees of the Agricultural Research Foundation, to whom the original request had been directed, to investigage the farm costs of producing dairy products. The request made by the directors made it clear that this farm cost study was to be in addition to an investigation of marketing. They stated:

> And we would further wish to emphasize that this special inquiry to secure figures of production costs be regarded as additional and supplementary to the request for an investigation of manufacturing and marketing problems as contained in the resolution submitted in letter to the Trustees of the Agricultural Research Foundation under date of June 11th, 1928.[126]

In spite of this rider to the directors' request, which was presented to the Foundation on 29 December 1928, there is no doubt that this appeal for additional information turned the nature of any inquiry away from the dairy farmers' main concern.

P.E. Reed engaged Dr. E.G. Misner of the Department of Agricultural Economics at Cornell University, Ithaca, New York, to undertake the investigation requested. Reed informed Misner that:

> There has been for some time pending an investigation of the dairy industry of this province. Sometime ago a formal application was made by representatives of the Saskatchewan Dairy Association to the Government for a complete investigation *into the cost of producing butterfat on Saskatchewan farms.* This would include not only farms specializing in dairying but also farms in which dairying is carried on only as a side line and where cream is sold to country creameries.[127] (Author's italics)

Misner informed Reed he would be available from 1 July to 1 October 1929 "... in connection with the cost of production investigation of Saskatchewan farms this summer...."[128]

The amalgamation of the two major creamery companies in Saskatchewan in 1927 had brought the dairy industry to the attention of other farm organizations. After the Saskatchewan Grain Growers' Association had amalgamated with the Farmers' Union of Canada to form the United Farmers of Canada (Saskatchewan Section) in 1926, a research department had been formed with George F. Edwards as its head. Edwards, in his report to the second annual convention of the new organization, held in 1928, announced that his research department was investigating the price of cream paid to the farmer and the wholesale price of butter in Saskatchewan.[129] The United Farmers requested financial assistance from the Agricultural Research Foundation, and became a party to the discussions regarding the request of the dairy producers.

The representatives of the United Farmers insisted that the problems of the dairy industry were not related to farm production costs but rather to marketing. In a letter to P.E. Reed dated 29 June 1929 Frank Eliason, secretary of the United Farmers, wrote:

> ... I think it is regrettable that no effort has been made to investigate the marketing problem and we trust that you will give our suggestion your support and see to it that someone who is in sympathy with the producers view point will be appointed as your representative on the Commission....[130]

By the end of June 1929 Misner was ready to begin his study. At a meeting held 12 July 1929 it was decided to extend Misner's study to include a survey of the costs of manufacturing and distributing dairy products, and to appoint a committee to collaborate with Dr. Misner in his study, whose main thrust remained the farm costs of production. When Misner presented a progress report on his study on 5 August, only H.E. Murphy, representing the United Farmers, expressed reservations. The records of the meeting state:

> Dr. Murphy stated that his organization had wanted in addition to figures of production costs, just as full information as possible regarding costs of manufacturing, marketing, and distributing. He added that they had wanted some further information regarding creamery organizations and other manufacturing questions which the Hon. Mr. Hamilton had indicated at the last meeting it would not be possible to secure with the amount of funds now available and under the plan of the present survey.[131]

It was too late to change the emphasis of Misner's study and Murphy accepted what he could get.

However, perhaps as a result of the representations of the United Farmers, Misner covered more in his study than was made public. Correspondence between Reed and Misner continued into 1931 regarding publication of his report. On 26 March 1931 Misner wrote:

> I notice that in stencilling the report on the dairy factories, the balance sheet for the creameries was omitted, but that for the Wheat Pool was included. I am wondering whether the balance sheet for the creameries was inadvertently omitted or offically stricken out. It seems to me that this would be a valuable piece of information for future reference and since it was a consolidated balance sheet for 17 different concerns, it seems to me that it would be perfectly fair to include this in the report. Possibly it was thought that the balance sheet was for the Saskatchewan Co-operative Creameries alone if it was officially stricken out, but this was not the case.[132]

In his reply Reed ignored Misner's main point — that the information left out was not financial information concerning one firm. He replied:

> With regard to including the Balance Sheet of the Co-operative Creameries and the Wheat Pool, it has been decided here that, particularly in view of the present existing conditions, that is to say, the difficult financial position in which both organizations find themselves, it is not advisable to include these statements in the report to be made public.[133]

Misner's report was never printed and published, although mimeographed copies were made available for distribution. In a letter to Misner dated 27 April 1932 Reed explained that, "I should have liked to have had this final report of the survey available in nice, neat, printed form but these are strenuous times and that is apparently now quite out of the question. . . ."[134]

A portion of Misner's work which was treated as confidential was a ranking of dairy factories according to the volume of butterfat purchased by each for each year from 1923 to 1928. Table 6.4 shows the standing of creameries by butterfat purchases for the calendar year 1928.

If one takes as a criteria that a profitable creamery required the cream from at least four hundred cows (the figure used by Wilson as early as 1906) and that a profitable cow should produce at least 250 pounds of butterfat per year (herd improvement work strove for better production per cow) then the purchase of at least one hundred thousand pounds of butterfat would be required by each creamery. Table 6.4 shows that over one-half of Saskatchewan's creameries operated with less than this volume in 1928. Although farmers recognized the heavy overhead the industry had to bear, most did not recognize the seriousness of the predicament that over-expansion in the 1920s had wrought. The government, at the time of Misner's report, was attempting to find a policy to rectify the situation. It was felt that the publication of such figures would not make the task of reconstructing the dairy industry any easier. Government creamery policy had rendered it virtually impossible to follow a dairy policy.

TABLE 6.4
STANDING OF CREAMERIES BY BUTTERFAT PURCHASES
Calendar Year 1928, January to December

Standing	Creamery	Butterfat Purchased Thousands of Pounds
1	Sask. Co-op Cries., Saskatoon	556
2	Purity Dairy, Regina	459
3	Sask. Co-op Cries., Regina	393
4	Sask. Co-op Cries., Melville	358
5	Burns and Co., Saskatoon	315
6	Crescent Creamery Co., Yorkton	289
7	Sask. Co-op Cries., Yorkton	279
8	Souris Valley Creamery Co., Estevan	257
9	Sask. Co-op Cries., Langenburg	254
10	T. Eaton Co., Regina	238
11	Sask. Co-op Cries., Preeceville	228
12	Prairie Creameries Ltd., Regina	198
13	Sask. Co-op Cries., Moose Jaw	191
14	Sask. Co-op Cries., Carnduff	184
15	Burns and Co., Sheho	183
16	Biggar Creamery Co., Biggar	182
17	City Creamery, Saskatoon	180
18	Sask. Co-op Cries., Melfort	179
19	Sask. Co-op Cries., Humboldt	172
20	Sask. Co-op Cries., Carlyle	165
21	Swift Canadian Co., Moose Jaw	165
22	Maple Creek Cry. Co., Maple Creek	163
23	Sask. Co-op Cries., Shellbrook	156
24	Sask. Co-op Cries., Tantallon	155
25	Sask. Co-op Cries., Moosomin	152
26	Sask. Co-op Cries., Wadena	144
27	Sask. Co-op Cries., Lloydminster	139
28	Burns & Co., Prince Albert	137
29	Sask. Co-op Cries., Lanigan	130
30	Purity Dairy, Norquay	119
31	Burns and Co., Kelvington	119
32	Burns and Co., Mervin	119
33	Sask. Co-op Cries., Oxbow	112
34	Sask. Co-op Cries., Invermay	111
35	Burns and Co., Balcarres	109
36	Sask. Co-op Cries., Kerrobert	105
37	Sask. Co-op Cries., Kelliher	104
38	Rosthern Cry. & Produce, Rosthern	101
39	Cobourg Dairy, Moose Jaw	100
40	Sask. Co-op Cries., Tisdale	98
41	Prince Albert Cry. Co., Parkside	98
42	Burns & Co., North Battleford	98

TABLE 6.4 (Continued)
Standing of Creameries by Butterfat Purchases
Calendar Year 1928, January to December

Standing	Creamery	Butterfat Purchased Thousands of Pounds
43	Sask. Co-op Cries., North Battleford	96
44	Sask. Co-op Cries., Swift Current	96
45	Sask. Co-op Cries., Weyburn	94
46	Kamsack Creamery Co., Kamsack	91
47	Sask. Co-op Cries., Watson	89
48	Sask. Co-op Cries., Broadview	87
49	Central Creameries, Ltd., Alsask	85
50	Sask. Co-op Cries., Wilkie	85
51	Prince Albert Cry. Co., Speers	81
52	Prince Albert Cry. Co., Prince Albert	80
53	Smellie's Limited, McNutt	79
54	Sask. Co-op Cries., Bulyea	77
55	Sask. Co-op Cries., Birch Hills	77
56	Sask. Co-op Cries., Wawota	77
57	David Dairy, Saskatoon	75
58	Midale Co-op Cry. Association, Midale	74
59	Young Creamery Co., Young	72
60	Hanley Creamery Co., Hanley	62
61	Sask. Co-op Cries., Cudworth	58
62	Burns & Co., St. Walburg	58
63	Sask. Co-op Cries., Unity	57
64	Sask. Co-op Cries., Wolseley	56
65	Sask. Co-op Cries., Maple Creek	55
66	Burns & Co., Macklin	55
67	Swift Current Produce, Swift Current	55
68	Steward & Logan, McLean	53
69	Burns & Co., Macklin	55
70	Sask. Co-op Cries., Empress	40
71	Sask. Co-op Cries., Radville	34
72	Sask. Co-op Cries., Outlook	34
73	Standard Dairy Products, Weyburn	34
74	Sask. Co-op Cries., Shaunavon	33
75	Battleford Creamery Co., Battleford	33
76	Prince Albert Cry. Co., Henribourg	27
77	Burns & Co., Medstead	27
78	Sask. Co-op Cries., Assiniboia	23
79	Sask. Co-op Cries., Imperial	21
80	Northern Cries., Rabbit Lake	18
81	Prince Albert Cry. Co., Debden	15
82	Sask. Co-op Cries., Foam Lake	14
83	Burns & Co., Foam Lake	8
84	Burns & Co., Maidstone	2

Source: Saskatchewan, Department of Agriculture, Dairy Branch, Saskatchewan Dairy Association, 1916-1949. Cost of Dairying Survey, 1928-1933.

Conclusion

The Saskatchewan Co-operative Creameries Company had at no time been a co-operative business enterprise in the sense that the Saskatchewan Co-operative Elevator Company had been, because farmers had not organized it to redress grievances, or to enhance their bargaining power in the market. Indeed, the creamery company had emerged because of the dedication of those committed to diversified farming in Saskatchewan.

The unusual circumstances surrounding the Saskatchewan Co-operative Creameries Company can be explained only by the intractable nature of the assumptions regarding the future of the dairy industry that brought it into being. It is in these assumptions, too, that one finds an explanation for policies that were basically contradictory. For example, the dairy branch deplored the proliferation of creameries and at the same time either supported, as was the case with Manitoba and Alberta territory, or initially ignored, as was the case with Saskatchewan territory, pricing agreements among high-cost creameries.

However, there were important developments in the dairy industry that have not been discussed. The province's growing urban populations increased the need for better methods of distributing fluid milk. And, as the co-operative creamery drifted toward collapse, another type of co-operative organization in the dairy industry began to emerge. The origin, nature and development of co-operation on a pooling basis is the subject of the next chapter.

SEVEN

THE FLUID MILK TRADE AND THE DAIRY POOLS

Introduction

The "co-operative" creameries that blossomed on the prairies after 1895 were usually promoted by government, Boards of Trade or merchants. Organizations representing the interests of dairy farmers did not materialize in any meaningful way until the 1920s. This contrasts sharply with the organized efforts of the grain growers in Saskatchewan and reflects the unique role played by the dairy industry in the settlement of the West. Wheat was the major export staple of prairie agriculture and, as such, was the main determinant of farm income. It soon became apparent to prairie farmers that organization was necessary to enhance their economic position *vis à vis* the institutions in the market place that handled, bought, and transported wheat. Government was called upon to support policies and activities advocated and undertaken by organized grain growers. Government policy regarding the dairy industry was to create an exportable surplus in the form of butter. The implementation of such a policy precluded the necessity of a grass roots organization among dairy farmers. Milk and cream not made into butter found an outlet in local markets. At first these local markets were served through a direct relationship between farm producers and urban consumers. There was no middleman who could be accused of taking too large a share of the market value of the farmers' dairy output. Only as specialized distributors emerged, and health regulations made it necessary to install more capital intensive milk handling and distributing plants, did farmers begin to feel the necessity of organizing to protect their economic interests. The dairy pool organizations in Saskatchewan emerged as reactions to oligopolistic tendencies in the distribution of milk in urban centres and these tendencies, in turn, were accentuated by municipal regulations designed to ensure safe supplies of milk.

The Saskatoon Fluid Milk Market and the Emergence of the Saskatoon Dairy Pool

In spring 1914, the city of Saskatoon introduced its so-called "pasteurization by-law." Although the by-law as passed allowed the sale of raw milk if dairy herds had been tested for tuberculosis and if certain sanitary standards had been met, dairy farmers in the Saskatoon area were concerned about its effects. The only milk distributor in Saskatoon prepared to pasteurize was the Saskatoon Pure Milk Company and the obvious concern was whether or not the new by-law would create a monopoly.

A meeting of Saskatoon district farmers on 7 March 1914 decided that "a strong association, consisting of some 200 members could be formed and that a distributing point could be opened in the city. It was decided that the membership fee be $1.00 and that regular meetings be held once a month. John Sutts acted as chairman."[1] The newly-formed association appointed a committee to confer with Saskatoon City Council's by-law committee regarding the nature of any new milk by-law.

A year later, on 25 March 1915, the members of the Saskatoon Milk Producers' Association met in the offices of the Saskatoon Board of Trade to discuss the possibility of establishing a milk distributing facility which would handle their products. Their intention was to handle raw milk from farms scoring over 70 percent on the city's score card,[2] and it was hoped that the provincial government would extend financial aid.[3] This attempt to organize dairy farmers failed — at least there is no evidence to indicate that any of their plans were implemented. W.A. Wilson was unlikely to recommend government assistance to an organization whose main interest was to enhance the income of its members by avoiding the pasteurization process.

Saskatoon dairymen reorganized in 1920. The Saskatoon Milk Producers' Co-operative Association was registered under the *Agricultural Co-operative Associations Act* on 27 January 1920. The association's objectives were "to produce, purchase or sell livestock, farm products or supplies upon the co-operative plan."[4] It was to act as a bargaining agent for farmers and it focussed its attention on dairy products. R.J. Underwood was the president and H.W. Chennels the association's secretary.

In June 1920 a dispute arose between Saskatoon milk distributors and milk producers, as represented by their co-operative association. The producers demanded $4.00 per hundredweight for milk, while the dairy companies offered $3.80. At a city council meeting held 14 June 1920 Underwood stated, "That unless the two local dairy companies agreed to the terms set by the Saskatoon Milk Producers' Co-operative Society within the next 24 hours the city will be unable to get milk from regular sources." He pointed out that distributors paid farmers only $2.50 per hundredweight for milk "surplus" to their fluid milk requirements and which was used instead to manufacture butter. W.H. Chennells argued that the city's health regulations added to the farmers' costs.[5]

Saskatoon's city council was startled by Underwood's announcement and arranged for a meeting between the dairy companies and the farmers' organization the next night. Agreement on milk prices could not be reached and

Chennells asked bluntly if it did not appear that the companies were trying to "squash" the farmers' association. Farmers held back milk and, after almost a week, agreement was finally reached on 22 June. The agreed price was to be $3.90 per hundredweight and the dairy companies further agreed not to discriminate against members of the milk association in their purchases.

Saskatoon's milk by-law made it difficult for farmers to circumvent distributors and this, therefore, weakened their bargaining position. However, there was also a provision in the by-law in which every farmer in proximity to Saskatoon had a vested interest — the provision for a sixty-mile milk shed. In October 1919 the Saskatoon Board of Trade decided to investigate what in that body's opinion was the high price of milk. There were two particular concerns. One was that few North American cities curbed the available supply of milk by imposing a limit on the distance it could be shipped. The other was that any milk surplus to the fluid milk trade was made into butter and the resulting skim milk was poured down the sewer mains.[6] After hearing evidence from Archie Mihalko on the costs of production and distribution, and from Dr. Orme of the city's health department, on the city's concerns, the Board of Trade concluded that milk prices were not exorbitant and that the sixty-mile restriction had little effect on the price of milk.[7]

The sixty-mile limit came under renewed attack in 1921. On 3 January, Alderman A.F. Dickson gave notice of a motion that would have extended the sixty-mile milk shed radius to 125 miles.[8] This proposal brought forth heated reaction from R.J. Underwood of the Milk Producers' Association. He claimed that the extension of the area from which milk could be delivered to Saskatoon would be ruinous to the dairymen already supplying the city, and he accused Alderman Dickson of collusion with Scott's Dairy in an attempt to break the producers' association.[9] Upon investigation city council concluded that a milk surplus existed without extending the limits, and voted against Dickson's motion to extend them.

The Saskatoon Pure Milk Company was purchased by the Saskatoon Milk Producers' Association in the spring of 1921. The Saskatoon Producers' Milk Company had been formed and the necessary capital raised by selling shares to milk producers in the Saskatoon area. The new company was capitalized at $200,000 and was to be run on a co-operative basis. Archie Mihalko was to remain as general manager and R.J. Underwood was president of the new company.[10]

The Saskatoon Producers' Milk Company soon ran into trouble from Alderman Dickson. In May 1923 he charged that a combine existed in the fluid milk trade. "Some farmers have the monopoly and I contend that their 'ring' should be broken," he stated. Alderman C.W. Burton concurred and added, "The Producers' Milk Company is nothing but a combine and in that fact alone I am in favour of an extension of the limits."[11] He was referring, of course, to an extension of the sixty-mile milk shed limit imposed by the city's by-law. In fact, at a meeting held on 17 May 1923 the Saskatoon council gave the milk producers an ultimatum — reduce milk prices from twelve to ten cents per quart or face the prospects of an increased supply of milk through an extension of the territorial limit.[12] Once again the producers threatened to cease milk deliveries if the price was lowered.[13] When they held their first "annual" picnic on 5 June 1923 at the farm of Barry Sommerfeld, Underwood urged resistance to any attempt to lower milk prices and asked for a united front against any extension of Saskatoon's milk shed.[14]

Meantime, a special committee of council had been appointed to investigate the milk question. This committee was to report on 6 June 1923. Forty indignant milk producers, their solidarity enhanced by the gathering at Sommerfeld's farm, attended this meeting. However, the committee had concluded that extension of the city's milk shed was undesirable and city council was left with no other weapon which would force milk prices down.[15] The whole controversy appears to have been related to the passage of Saskatoon council's new pasteurization by-law on 23 May 1923. The new by-law made mandatory the pasteurization of all milk offered for sale in Saskatoon with but one exception — the surplus milk from cows kept for private use could be sold if a permit was obtained from the medical health officer.[16]

In spring 1924, the Saskatoon Producers' Milk Company was sold for $70,000 to Chris Christenson, an experienced operator from Edmonton. The farmers' "combine" no longer existed.[17] Exactly what role the Saskatoon Milk Producers' Association played after the sale is not clear. At a meeting held 17 April 1924 it was decided to change the name of the association to the Saskatoon Milk Suppliers Pool, Limited. However, no official announcement of the name change was made. On 6 April 1925 A.J. Fahl, secretary of the Milk Suppliers Pool, reported, "It seems impossible to get enough members together to even attempt any business. Our accounts still stand the same as for 1923 and I can assure you no business has been transacted." The association was struck from the register of co-operatives on 15 May 1926.[18]

By autumn 1926, a Saskatoon district feed shortage, which saw the price of oats increase to sixty cents a bushel from thirty cents the year before, also substantially increased the cost of milk production. Under these circumstances, the milk shippers reorganized themselves as the Saskatoon District United Milk Shippers, with J.P. Schwartz as president and Mrs. H. Schiedel as secretary. On 11 December the *Saskatoon Daily Star* reported that fifty members of the United Milk Shippers had decided to increase milk prices. O.W. Andreason, by now manager of Caulder's northern branches, commented that before anything could be done the distributors would have to meet with the association "which it is understood is newly organized." Andreason added that, in view of increased production costs, an increase in the price paid for milk seemed justified.[19] However, the United Milk Shippers was not, it seems, a strong organization and the increase was not granted.[20]

Before the Saskatoon District Milk Shippers' Association became a formally incorporated organization, it was decided to turn to another method of improving the economic status of dairy farmers in the Saskatoon area. On 6 January 1927 the *Saskatoon Daily Star* reported:

> Milk shippers of the Saskatoon district in meeting Wednesday afternoon at the city hall decided to drop the Saskatoon District United Milk Shippers' Association, which has operated as a bargaining association in the dealings of the milk producers with the distributors in Saskatoon.
>
> In place of the association a co-operative milk producers association, or pool, was provisionally organized, on recommendation of Walter B. Caswell, Saskatoon barrister, who has just returned from a visit to Minneapolis where he investigated the organization of the Twin Cities Milk Producers'

> Association, said to be one of the most successful milk producers' co-operatives in the United States.
>
> Present at Wednesday's meeting were 57 out of a total of 150 milk and cream shippers in the district. These 57 were stated to represent something over 50 percent of the production as practically all the larger producers were present.[21]

The decision made at this meeting marked the transition from relatively weak, transitory dairy farmers' organizations to a strong, permanent business organization which would play an important role in the dairy industry's development, not only in the Saskatoon area, but in all of Saskatchewan. The farmers of the Saskatoon district were to be organized on the model of the Twin City Milk Producers' Association as the Saskatoon Dairy Co-operative Marketing Association, and a provisional board of directors was elected. Caswell, the barrister, was made chairman while H.W. Chennells became secretary. As one speaker at the meeting phrased it, "they did not wish to put a single distributor in the city out of business, but, on the other hand, they did not intend to be put out of business themselves."[22] The new association was incorporated on 10 February 1927.

In fact, two associations were incorporated by the Saskatoon promoters of the pool concept. The first, the Saskatoon Dairy Co-operative Marketing Association was incorporated without share capital. Members were to be admitted upon payment of a fee of $10 when they had met certain requirements. The second, the Saskatoon Milk Distributors' Co-operative Marketing Association was incorporated on 26 February 1927. This association was capitalized at $30,000, divided into 1500 shares of a par value of $20.00. The plan was to have members subscribe for shares in the distributors' co-operative without necessarily paying any amount on allotment. Thus, the Saskatoon Milk Distributors' Co-operative was merely an organization which enabled the marketing association to raise money capital if the need arose. The by-laws of the Saskatoon Dairy Co-operative Marketing Association stated:

> Every member of the Association shall be a 'licensed dairyman' duly licensed by the City of Saskatoon and shall be engaged as a producer in the dairy business within sixty miles of the City of Saskatoon or in such areas as the City of Saskatoon may license dairy producers, and the dairy herd of every member shall have passed the tuberculin test prescribed by the Dominion Government Department of Agriculture, and every member shall have applied for one share of stock in Saskatoon Milk Distributors Co-operative Marketing Association Limited, for every cow owned by him at the time of his application. Provided that no member shall apply for or be required to accept more than fifty (50) shares in said Saskatoon Milk Distributors Co-operative Marketing Association, Limited.[23]

In turn, the by-laws of the Milk Distributors' Association stipulated that no one could become a member unless he first became a member of the Dairy Co-operative Association.

The co-operative's purpose was to enable producers to market their dairy products collectively. To this end, it was necessary to bind farmers to the association in a contractual manner. The first contract was to run from 1 April 1927 until 31 May 1930. Under this contract individual producers agreed to consign and deliver to the association, in a pure, unadulterated state, all dairy products each produced for sale. In this respect the contract read that "The producer hereby acknowledges that strict adherence to this provision is absolutely necessary to accomplish the purpose for which he, in common with all other producers who are members of this Association, has entered into this contract." It also stated that "in the event of a breach by him of any material provision hereof, particularly as to the delivery or marketing of any dairy product other than through the Association, the Association shall upon proper action instituted by it be entitled to an injunction to prevent further breach thereof or other equitable relief. . . ." The producer also agreed to produce, keep, and deliver all dairy products in a sanitary condition and gave the association the right to inspect cows, stables, milk houses, and other dairy equipment.

The association, in turn, agreed to act as the mercantile agent for the producer. As such, it was to receive and sell the dairy products consigned to it in ways most advantageous to the producer. It was to pay the producer a return, determined by averaging the price it received for a particular grade of produce, less handling, overhead, and operating costs and a sum, not to exceed 10 percent of the amount due to the producer, was to be used for the purpose of acquiring a reserve fund.

The contractual agreement gave the association power to handle, mix, or manufacture into marketable products all produce delivered to it. It could classify and grade milk and cream in accordance with grades and standards it established. It could borrow money upon the security of any dairy product consigned to it and was given the power to acquire, lease, or build cold storage warehouses, creameries, refrigeration plants, packing plants and machinery for the manufacture of artificial ice.[24]

The Saskatoon Dairy Pool, as the new organization was usually called, began operations on 1 April 1927. It started with almost all of the licensed dairy farmers in the Saskatoon milk shed under contract with the notable exception of a few from a small district near Bruno. The Davis Dairy and the Saskatchewan Co-operative Creameries Company had contracted to receive all of their whole milk supply from the pool.

Less than a year later the milk pool could report unusual success. On 29 January 1928 the *Saskatoon Daily Star* reported:

> Since starting in business, the Milk Pool has made a splendid advancement, according to A.A. Hay, president of the pool. . . . The Pool is made up entirely of producers, with the exception of the paid officials and is administered by a board of directors of ten active producers, from which an executive of four is elected by the board.
>
> Since the commencement of the pool 30 producers who were not actively engaged in the dairy industry before in this district have commenced business and have been accepted into membership in the pool, said Mr. Hay. This contrasts favourably with the fact that at the commencement of the pool, the medical health records of this city showed that 28 producers who had received licenses from the city before that time had ceased dairying. Since commencement of operations of the pool, 11 of them have again entered the business.
>
> Since commencing business. . . the pool has supplied 7,133,505 pounds of milk to this city, all of which was produced from T.B. tested herds and on premises inspected and licensed by the medical health department of this city. The butterfat content of this milk was 257,366 pounds, which is an average of 3.6 percent, and the value of this milk at the prices received for it by the Pool from the distributors in the city is $180,334.38.

> Mr. Hay continued, 'The Milk Pool does not distribute milk in the city but furnishes it to the three distributing firms who distribute it to the consumers, and under our present system, the producer, the distributor and consumer are essential to each other.'
>
> In discussing the retail price of milk in the city, the directors of the pool, said Mr. Hay, have repeatedly made it understood that they are opposed to unnecessarily increasing the price of milk to the consumers. At the present time the pool is paid approximately 6½ cents per quart for milk testing 3.5 percent butterfat, while milk is retailing at 13 cents a quart in the city.[25]

The Saskatoon milk pool, operating out of rented premises in the Davis Dairy, accepted all milk over the fluid milk requirements of the distributors. This surplus was separated into skim milk and cream. The cream was sold to creamery operators and the skim milk was sold to hog producers or allowed to go to waste down the sewer. Thus, the problem of "surplus" was not eliminated by the existence of the pool but rather a system of orderly disposal of it replaced the two price system that had existed. But everyone inherently had felt that better things could be done with skim milk. Now the problem was localized in the milk pool and the focussing of the problem soon led to its solution.

By spring 1929 plans began to materialize which were designed to eliminate the surplus skim milk problem more satisfactorily. The City of Saskatoon owned property on the corner of Spadina Crescent and First Avenue upon which stood a building that once had housed the Green River Bottling Works Company. The dairy pool purchased both the property and the building and used the latter to house milk powdering equipment. An atmospheric, roller process milk drier, purchased in the United States for $8,000, was installed on 19 July 1929 and by November 1929 a total of ninety-five thousand pounds of powdered milk had been produced.[26] The new location and equipment were financed by a 5 percent deduction from the amounts due to members of the pool. Such deductions were to be credited to members and represented their capital investment in the organization.

The skim milk powder machine was the first of its kind in the province. Two problems confronted the Saskatoon Dairy Pool when it was installed. The technology of manufacturing powdered milk had to be learned and prospective buyers had to be taught that the product had valuable uses. H.H. Sommerfeld, who became a director of the Pool in 1930, recalled some of the difficulties of this pioneer venture. He wrote, "The process of turning milk to powder was sort of a mystery, and it must be admitted that the first results were not exactly in the 'par excellence' class. Still it was a start and under the intelligent direction of Mr. [Charles] Larkin the product improved and before long a satisfactory product was produced." More effort and a longer time were required to establish satisfactory markets. As Sommerfeld phrased the problem, "It was lack of knowledge that prevented the butcher, the baker and many others from accepting this product; the baker didn't know that delicious scones could be made with powdered milk, nor did the poultry man know that milk powdered was the very ingredient needed to be added to commercial feeds to make it a perfect food for the downy chick. The sixty-four dollar question was how to get this knowledge across."[27]

At first the pool sold powdered milk to a local wholesaler, J.H. Speers Seed and Feed Company. Powdered milk filled the warehouses of this feed company. The directors of the pool decided to send the man they had hired to improve the quality of their product — Charles Larkin — to the major cities in western Canada to promote the product. Samples were sent to eastern bakeries and feed firms. Markets were established and demand eventually exceeded supply.[28]

The new markets for skim milk in powdered form allowed the Pool to separate surplus milk into two marketable products — cream for buttermaking and skim milk for powdered milk. A logical next step for the pool to take was to secure contracts from cream shippers and to begin the production of butter. On 11 October 1930 the *Saskatoon Star Phoenix* announced that the milk pool was to build a creamery. The paper reported, "Cream shippers will join on a contract basis similar to that of milk shippers and a drive for membership has been organized. The opening meeting will be held at Hanley, October 13 at which the speakers will be G.H. Williams of the United Farmers of Canada, C.T. Gooding, and W.B. Caswell."[29]

The first churning of butter was made on Saturday, 14 February 1931. C.T. Gooding, who was now president of the Saskatoon pool, claimed that the equipment was the most modern in western Canada.[30] The board of directors was increased from ten to fifteen members when cream shippers became members. Five directors were elected from the "inner area," five from the "outer area," and five represented cream shippers. A larger staff was required too. H. Braithwaite, B. Emigh, and W. Johnson were among those employed who became well known figures in Saskatchewan's dairy industry.[31]

The expansion of the Saskatoon Dairy Pool (the title was officially adopted when the cream shippers were brought into the co-operative) continued, and in 1931 it began to manufacture cheese. In 1934 the first expansion outside Saskatoon took place when the cheese factory at Leroy, Saskatchewan was first leased and then purchased. In 1937, creameries at Biggar and Kamsack were acquired and in 1938 the Dairy Pool took over the management of the Saskatchewan Poultry Pool.[32]

The Saskatoon Dairy Pool was the first successful dairy enterprise in Saskatchewan that had been organized by dairy farmers themselves. As it expanded it became increasingly obvious that it could not be ignored in any attempt to reorganize the Saskatchewan Co-operative Creameries Company on a more co-operative basis. After J.A. Caulder departed, plans to deal with the co-operative became more concrete. The details of the Saskatoon Dairy Pool's role in this, and in the dairy industry generally, can be dealt with in conjunction with further developments in the creamery industry during the 1930s and 1940s.

The Regina Fluid Milk Trade and the Regina Dairy Pool

In contrast to the success of the Saskatoon dairy pool, the dairy pools organized in the Regina area failed, and their failure can be attributed to several factors. Unlike Saskatoon, Regina did not have a by-law that made it necessary to pasteurize virtually all of the milk offered for sale in the fluid milk market. Nor was there a limit set to the geographic area from which the city's milk supply could be drawn. Further, Regina dairymen had not experimented with different solutions to their problems in the fluid milk market as had their counterparts in Saskatoon. When the pooling concept was first considered in the Regina area a local pool was considered only after a more grandiose scheme for a provincial pool failed. First it is necessary to examine the reasons for the lack of a pasteurization by-law in Regina.

When the Bureau of Public Health surveyed the conditions under which milk was supplied to the cities in Saskatchewan in 1920, the report on Regina's milk supply indicated many defects. The Regina Medical Association had arranged for a supply of raw "certified" milk from a dairy woman in Qu'Appelle in 1916. By 1920 the MacKay Dairy Farm at Indian Head was supplying this certified milk. This grade of raw milk was sold in the city for infant feeding, and bottles bore a cap which read "certified milk produced under the supervision of the Regina Medical Milk Commission." The preliminary report of the milk survey made the following comment about this milk: "The bottles in which this milk was delivered were found to contain on an average 13,000 bacteria per c.c. before filling; they were capped by hand, the caps being kept loose in a dusty box, and the milk itself showed a higher bacterial count than that of any grade of milk distributed in Regina." When these facts became known this "certified" milk was withdrawn from the market.

The Saskatchewan Co-operative Creameries Company's pasteurization equipment in Regina was criticized in the report, but its pasteurization plant "was the only one in the province which attempted scientific pasteurization and which was fitted with a thermal recorder." Most serious was the fact that the milk, after being pasteurized, was conveyed through ninety feet of piping and was re-contaminated before it was bottled. Also, the plant's bottle washer did not completely sterilize the bottles into which the pasteurized milk was placed.

The health survey estimated the daily consumption of milk in Regina to be about 7,800 quarts. The Saskatchewan Co-operative Creameries supplied 64 percent of the total; raw milk from farms near the city and distributed by farm-producer and a single milk distributor made up a further 16 percent; raw milk used by citizens owning their own cows accounted for the remaining 20 percent.

Sanitary conditions at dairies supplying 16 percent of Regina's total milk supply were scrutinized and were reported unsatisfactory at W. Diggle's Royal Dairy, H.C. Duck's Savernake Dairy, Harry Hague's West End Dairy, and A. Walker's Rosemount Dairy. K. Haun's Mount Pleasant Dairy was considered to be more satisfactory. A.W. Mitchell's Thistle Dairy made an attempt to be sanitary but Mitchell distributed milk from his own herd and from the herds of several other farmers, and there were wide variations in the bacteria count of his product. Dairyman Levi Bowles's operating methods left "great room for improvement," and Mrs. B. Fletcher, who operated on the old Pope farm in North Regina, had no milk house. William Stewart and J.R. Logan, who owned their own pasteurization plant at McLean, used improper methods in the pasteurization process and did not have a thermal recorder.

The report on Regina's milk supply recommended that the Thistle Dairy be required to pasteurize milk if its suppliers did not improve their dairy practices. It was suggested that licences to sell raw milk be revoked when a producer-distributor did not meet the standards required in the city by-law. The by-law itself, it was recommended, should be amended to ensure that all raw milk sold in the city came from tuberculin tested cows, and the clauses which permitted the sale of the milk of reactors to the test, if pasteurized, be re-examined. Only the large, scientifically-operated plant of the Saskatchewan Co-operative Creameries was close to being satisfactory — an indication that smallness and health standards were difficult to reconcile in the important business of municipal milk distribution.[33]

If the report of the Sanitation Division of the Bureau of Public Health did not spur Regina's council to amend the city's by-law, an outbreak of typhoid fever in October and November 1920 should have. The directors of Regina College, in their desire to supply a high grade of milk for resident students, arranged to obtain the College milk supply from a raw milk dealer who had a farm four miles southwest of the city and who delivered milk daily to hotels in Regina. This dairyman became ill with typhoid fever but did not let this deter him from his appointed rounds for any length of time. The result was that there were eighty-three cases of typhoid fever in Regina in 1920, many of them among the student body and faculty of Regina College. Eight students and one faculty member died. The College bore the burden of medical costs of $12,000 but, more importantly, the directors bore the burden of the consequences of their decision to use raw milk.[34]

Dr. M.R. Bow, the Medical Health Officer for Regina, was determined that, eventually, all milk consumed in the city would be pasteurized. December 1920 appeared to be an opportune time to have a recommendation of this nature adopted by council, because nine people had recently died after using impure raw milk. Even under these circumstances, however, the members of city council did not feel that they could pass a by-law of this nature without a public hearing. They arranged for one to be held on 7 January 1921.[35]

At the public hearing Dr. Bow presented evidence in favour of pasteurization which he had amassed from correspondence from as far away as New York and Toronto. But the discussion was long and heated. The raw milk producers argued that raw milk, if handled properly, was a better food for babies than the pasteurized product, and Mrs. Norman Massey, a dietician from Toronto, supported this view. A.W. Mitchell of the Thistle Dairy argued that milk could be re-contaminated after pasteurization and stated, "Let the adults take what they can get but leave the raw milk for the babies who cannot digest pasteurized milk." H.R. Goodhue (who had been charged with selling milk without a licence and given a suspended sentence when he explained to the court that he had made application but had been refused) attacked Dr. Seymour of the Public Health Department, accusing him of connections with and an interest in the pasteurization plant.

The debate continued in the Regina press. Regina aldermen were undecided and reluctant to act. Alderman Borlase took the position that the city should not adopt Dr. Bow's recommendation because "opinions varied greatly re the value of pasteurized milk for babies — among medical men and among ratepayers." It was Borlase's opinion that city council should "not touch it at all." Alderman McInnis stated that a Dominion law was required — "it shouldn't be left to whims, fancies and perhaps prejudices of local authorities."

The debate was carried on in letters to the editor of the *Morning Leader*. One of the main concerns expressed by dairymen was that compulsory pasteurization would create a monopoly in the distribution of milk. One letter to the editor ended with "Lastly let dairymen forget this twaddle, about forcing them to ship their milk to one concern and creating a monopoly." However, their concern was a legitimate one. They had not as yet realized that monopoly power could be countervailed by co-operative effort. Very shortly, they would be discussing dairy pools, not pasteurization.[36]

Dr. Bow's recommendations for a stiffer pasteurization by-law were accepted by city council on 13 January 1921. The new legislation was not given formal assent and, in any event, it was not to come into force for nine months. This gave the opponents of pasteurization ample time to marshall their forces and moved the final act of decision to within a few weeks of a municipal election. Letters of protest piled up on the city clerk's desk and on 10 October 1921, three days before the recommendations were to become law, city council tabled the issue for an indefinite period.

The pasteurization by-law which had been tabled in October 1921 finally re-emerged in January 1925. On 16 January, council announced that 3 February would be fixed as the date for a debate on pasteurization. The Regina *Post* reported "... it is understood there will be violent opposition to the proposed by-law in council itself and the medical health officer [Dr. Bow] will be strongly opposed...."[37] On the appointed night a large, lusty crowd thronged into council chambers. The debate continued for hours. Dr. M.R. Bow spoke at length. Dr. E.W. Stapleford, principal of Regina College, made an eloquent plea for pasteurization. He told the audience, "If you people here tonight had seen nine coffins being carried from Regina College, nine young men and women cut down on the threshold of their lives, and could realize the responsibility which we felt in having permitted the sale of raw milk in the college, you would never wish again to drink an ounce of raw milk."

However, those who opposed the by-law hung on tenaciously. G. Powell, president of the Raw Milk Dealer's Association, told council that compulsory pasteurization would drive raw milk dealers out of dairying. He also declared that five city doctors were interested in the "creameries" financially and that this might have something to do with the "cry for pasteurization." But he urged council either to pass the measure at once or throw it out altogether. He did not wish to see the raw milk dealers kept in suspense.[38]

Council again took up the compulsory pasteurization by-law on 9 February. At this meeting Alderman M.J. Coldwell proposed an amendment that diluted the compulsory nature of the by-law considerably. Dr. Bow spoke to Coldwell's motion and Mayor Mason asked, "Would you say that it was trying to purify the well by painting the pump?" The council then took up the by-law, clause by clause, without arriving at a final vote.[39]

The by-law was finally passed on 17 March 1925 but the pump had been painted. The by-law provided for the pasteurization of all milk coming from beyond an area roughly five miles from the city limits. Raw milk could be produced and sold within this area provided the producers installed proper cooling facilities to bring the milk to 50° F within one-half hour of milking and to retain it at this temperature until delivered. The premises of all raw milk producers were to be inspected regularly and the cows were to be tested. In fact, Mayor Mason left the chair to vote against the by-law as amended, stating, "Dr. Bow has said... that he disapproves of this by-law as it stands. If a milk borne epidemic should break out we would be responsible. As this by-law is being put through, and will come into force during my term of office I wish to express my disapproval of it." The by-law as amended came into force on 18 March 1925.[40] It was not until December 1946 that Regina adopted the principle of compulsory pasteurization.

The first attempt to organize a dairy pool in the Regina area was not a reaction to the necessity of distributing pasteurized milk exclusively but, rather, the outcome of an attempt to organize a province-wide dairy pool. The efforts to organize a voluntary wheat pool in Saskatchewan in 1923 and 1924 brought the pooling approach to co-operative endeavour to the attention of all branches of prairie agriculture, and in 1925 farmers in the Regina area organized the Dairy Pool, Limited. This company had an authorized capital of $25,000. The provisional board was comprised of Fred Rhodes, Regina, as president, William Campbell, Gibbs, as secretary and B.H. Holden, Indian Head, G.C.D. Edmunds, Qu'Appelle, and Karl Mang, Edenwold, as directors. The company's objectives were "to sell direct from the producer to the consumer, milk, cream and derivative products" and, as the *Morning Leader* reported, "at present only the farmers and dairymen surrounding the Regina district have been solicited but the provisional executive hopes to extend the operation of the pool to all parts of the province."[41]

In spring 1926 the organizers of the province-wide pool presented their scheme to the Saskatchewan Dairy Association at its annual convention. The convention approved a resolution which asked for the formation of a committee to organize the Dairy Pool, Limited on a provincial basis and a committee was chosen to do so.[42] J.A. Caulder and R.W. Heim, representing creamery operators, expressed no opposition to the pool concept.[43] Their tolerance is understandable since their example of co-operative endeavour, the wheat pool, was designed to by-pass the Winnipeg Grain Exchange, not the services of the line elevator companies. Caulder was also a good strategist. To oppose a provincial pool at this stage of its organization might have closed ranks among dairy farmers and increased the chances of the pool's success.

The Dairy Pool, Limited had been formed by Regina district dairymen, and when its organizers secured endorsation for the concept of a provincial pool from the Dairy Association, it was absorbed by the Saskatchewan Dairy Co-operative Marketing Association, which was incorporated on 7 April 1926. C.E. Thomas was elected president of the new organization, B.H. Holden, vice-president. William Campbell, Joseph Stringer, R.B. McLeod, T.J. Hall, and J.H. Stockton comprised the provisional board of directors. An advisory committee was also appointed, and this was made up of P.E. Reed, W. Waldron of the co-operative branch of the Department of Agriculture, and George Edwards, president of the Saskatchewan Grain Growers' Association. The first organizational step was to have dairy farmers sign contracts to supply their milk and cream to the pool. The closing date for the sign-up campaign was set as 30 November 1926.[44]

The provincial dairy pool campaign received its main support from those supplying milk to Regina, but it failed to secure the support of dairy farmers in northern and southern Saskatchewan. It died a natural death. The Saskatchewan Dairy Association advanced sufficient funds to pay the pool's solicitor, George H. Barr. A.P. MacLean, J.A. Smith, and J.A. Caulder were selected to a committee to negotiate with Barr and to arrange for the safekeeping of all papers and assets.[45] Thus we have the rather strange phenomenon of creamery plant owners and managers deciding to use Dairy Association funds to pick up the pieces left by the failure to organize a provincial dairy pool. Presumably, such funds were meant to enhance the economic status of dairy farmers.

When the Saskatchewan Dairy Co-operative Marketing Association failed to get off the ground, Regina milk producers fell back upon an organization that had been involved in the controversy regarding pasteurization — the Regina Milk Producers' Association. It seemed that the proposed merger of Caulder's Creameries with the Saskatchewan Co-operative Creameries was instrumental in reactivating this association, although evidence is sketchy. On 16 February 1927, the Regina *Daily Post* reported that "a representative group of milk producers in the Regina district waited on Hon. C.M. Hamilton to protest the merger. The spokesman for the party of farmers said they feared elimination of competition between the two big firms would result in lower prices."[46] The *Western Producer* reported that, when the protest was made, the Regina Milk Producers' Association had offered to purchase the Regina milk business of the co-operative creameries company.[47]

By 16 March 1928, C.E. Little, the organizing secretary, announced that the milk and cream shippers of Regina were to be organized into a pool similar to that operating at Saskatoon.[48] As in Saskatoon, two associations were to be formed, one with and one without share capital. The Regina Milk Distributors' Association and the Regina Dairy Co-operative Marketing Association were both incorporated on 28 April 1928.[49] The first annual report of the Marketing Association, issued on 5 July 1929, was in the nature of a progress report. It stated:

> Our Association faced unusual difficulties throughout the organization period. Two prior attempts had been made to organize the milk shippers tributary to Regina and had failed so that many of the dairymen were not enthusiastic about this third attempt. The success of the Saskatoon Milk shippers in securing increased prices through co-operative purchasing the year previous had placed the Regina distributors on their guard and they endeavoured to prevent a similar situation in Regina. Their field men covered the entire territory and by offering higher prices were able to sign up a substantial number of the shippers on long term contracts.
>
> However, in spite of this opposition, and much indifference, by the 1st day of October, 1928, we were able to secure sufficient shippers owning the required number of cows to enable us to commence operations. Your Directors then began negotiations with the distributors in order to obtain a sure market for the shipments of our members. After many consultations involving frequent board meetings a contract was finally completed with the Saskatchewan Co-operative Creameries and the Prairie Creameries Limited, to take all the milk shipped by our members. Prices were settled up to May 31, 1929, and were higher than any previously obtained. After this contract was signed the Saskatchewan Co-operative Creameries assisted us in signing up their shippers as members of our Association.[50]

Although prices were settled by the contract between the association and the milk distributors up until 31 May 1929 dairy farmers contracted to sell all their milk through the Regina Dairy Marketing Association until 31 May 1932. Either the association or individual farmers could terminate this contractual arrangement on or before the first day of May in any year by notification in writing of such intent. Prices, on the other hand, were to be established from time to time by a Selling Board composed of one representative chosen by each distributor and a like number chosen by the co-operative. Provision was made for one representative from the city of Regina and one from the government of Saskatchewan to sit on the Selling Board.[51]

A new contract regarding prices was signed on 8 December 1928 after Purity Dairy had agreed to become a party to the arrangements with the Regina pool. The power of the Selling Board to fix prices was now constrained by setting a margin for the distributors of at least six cents a quart, plus a "mechanical loss" so long as the retail price of milk remained at thirteen cents a quart. The new contract also stipulated that all fluid milk delivered in the months of October, November and December would be paid for at fluid milk prices.[32]

Compared with the Saskatoon pool, the Regina pool was in a very precarious position. It did not have a nearly 100 percent sign-up among producers as did the Saskatoon organization. The provisions for dealing with surplus milk were far from satisfactory. The Regina pool did not have a receiving station and could not handle surplus milk independently. In autumn 1928 Regina farmers were faced with falling wheat prices and an abundance of feed. Milk deliveries to Regina increased dramatically. During December the surplus was absorbed by the distributors, but in January 1929 the surplus milk was paid for at surplus milk prices.

The Regina pool took steps to reduce the excessive surplus of 1929 by placing shippers, wherever possible, on a cream shipping basis. The city health authorities co-operated by cutting off unlicensed and unsatisfactory shippers. Members were requested to retain part of their milk supply for use on the farm. However, the Regina milk shed was undefined, whereas the Saskatoon milk shed was clearly defined within a sixty-mile radius of the city. Farmers over one hundred miles distant sought to enter the Regina fluid milk market because fluid milk prices were higher than the prices received for an equivalent amount of cream.

Surplus milk was a great problem for the Regina Association, and the lack of facilities to handle it was particularly vexatious. Another source of concern were the prices established by the Selling Board. Prices negotiated for fluid milk during 1930 ranged from a low of sixty-four cents per pound of butterfat in July, to a high of seventy-five cents per pound of butterfat during January and February and from October to December. As the association claimed, these prices were considerably higher than those prevailing before the pool came into operation. The price for surplus milk was fixed at fifty cents per pound of butterfat so long as the surplus did not exceed the total milk supply by more than 25 percent. Any surplus above this was to be paid for at the prevailing market price for cream. Thus, there was no incentive for milk shippers to become cream shippers.

The failure of the Regina dairy pool was related to the unprecedented conditions of drought and depression that characterized the 1930s in Saskatchewan. Depressed prices for wheat induced farmers to attempt to maintain cash income by increasing their production of milk. Lower incomes in the city of Regina reduced milk consumption. Over 1.5 million more pounds of milk were produced for the Regina market in the year ended 31 May 1931 than in the preceding year, and the amount classified as surplus increased from 1,506,118 pounds for the year ending 31 May 1930 to 3,959,335 pounds for the year ending 31 May 1931. The officials of the dairy pool in their 1931 report to members stated, "At the present time you have what is known as a bargaining association." They admitted that a bargaining association was severely limited in its effectiveness when large surpluses existed. "It is an established fact," the report went on, "that in order to sell your milk to the distributors to better advantage you must also have another way of disposing of it. . . . This will eventually lead you to establish a plant to care for your product in case you disagree with the distributors."[33]

In the autumn and winter of 1931-1932, producers and distributors could not come to an agreement on milk prices. When negotiations broke down, the pool members undertook to establish a receiving and distributing plant. The distributors, on the other hand, terminated contractual arrangements with the pool and returned to the practice of entering into contractual arrangements with individual milk shippers. Many shippers who had been under contract to deliver milk through the pool were cut off completely as the distributors contracted for their fluid milk needs only. Those that were no longer under contract still had their milk to sell and, in order to do so, offered it on the market at reduced prices and to a growing number of distributors. The established distributors were forced to meet this competition and price wars broke out.[54] To add to the chaotic market conditions that were emerging, farmers brought milk into the city for direct sale to consumers in violation of city regulations.[55]

Amidst such conditions, farmers belonging to the dairy pool met on 10 February 1932 to establish their own facilities for handling milk. Their decision was by no means unanimous as seventy-seven farmers voted in favour of such an expenditure while seventy-two opposed it.[56] E.J. Smith, a milk shipper from McLean, who cast a dissenting vote was quoted as commenting:

> 'The association has a reserve of $8,000 only and that is the property of all the members,' declared Mr. Smith, saying that he was speaking for those opposed to the milk plant.
>
> 'A distributing plant will cost more than $40,000 at the least and to get this money the directors will have to call on the shares in the Regina Milk Distributors' Association....
>
> Shares are $10 and there are two shares to each cow. Under present conditions where will the producer get this money? A producer's cheque is not as good security as formerly it was when he dealt direct with the creamery and shipped a straight can allotment. His income was steady. Now he never knows how much is whole milk and how much is surplus.
>
> The consumer cannot handle half the milk coming in. The man who is against this organization has no intention of signing a new contract and the contract expires May 31, 1932.
>
> We feel there are too many distributors of raw milk. The producer cannot handle the situation. Neither can the association with a split in its ranks, therefore we prefer to support the creamery now in operation.'[57]

The break-up of the Regina dairy pool was under way.

Smith referred to the number of distributors already in Regina. The two largest, Purity Dairy and the Saskatchewan Co-operative Creameries, had been joined in 1929 by Mid-West Creameries, operated by E.A. Bitney, and in 1932 by the Regina Pure Milk company, operated by W.B. Colwell. J.J. McLean had sold Prairie Creameries to the Dairy Corporation of Canada in 1929 but re-entered the Regina market in 1932 with a new establishment — the Regina City Dairy. These newcomers took their place alongside the Maple Crest Dairy, Premier Dairy, Primrose Dairy, and the Savernake Dairy.

The Regina Dairy Co-operative Marketing Association opened its new plant on 1 June 1932 in a Rose Street warehouse. It was equipped with the most modern machinery. No expenses were spared in renovating and equipping the warehouse that was to house the Producers' Dairy. To finance the new facility a call was made on the shares of the Regina Milk Distributors' Association. It all proved too costly and the so-called Producers' Dairy led to the bankruptcy of the co-operative associations that planned and financed it. It was sold to James

W. Walster who was backed financially by C.C. Cross of Clifton Cross and Company, investment dealer.[58] Walster operated the plant until June 1935 when it was purchased by Palm Dairies, Limited.[59] Thus the Regina Pool, unlike its counterpart in Saskatoon, ceased to be a force to be reckoned with in the Saskatchewan dairy industry.

The Fluid Milk Trade in Moose Jaw in the 1920s

The milk by-law that came into force in Moose Jaw on 1 January 1921 did not result in the elimination of smaller milk dealers who combined the functions of producer and distributor. Specialization in the Moose Jaw fluid milk market was to take place over a long period of time through competitive forces, rather than quickly through the impact of legislation. Moose Jaw dairy farmers did not feel threatened by monopoly-creating legislation.[60] The men surrounding J.A. Caulder (P.E. Reed had referred to them as the Moose Jaw clique in 1916)[61] played an important role in shaping the nature of the Moose Jaw fluid milk trade because of the dominance of the Saskatchewan Creamery Company of Moose Jaw, and then of Caulder's Creameries, Limited.

The dominant position of the Saskatchewan Creamery Company of Moose Jaw was probably a factor in the attempt by Moose Jaw dairy farmers to organize a producers' association in 1922. On 1 April 1922 a meeting was held in the Moose Jaw YMCA with the purpose of organizing dairy farmers within a one hundred-mile radius of Moose Jaw into a Milk Producers' Co-operative Association. Although professing that there was no ill-feeling against the butter manufacturers or milk distributors, the Moose Jaw producers stated that the objective of their organization was to secure some control over the price of dairy products. But protection, not destruction, was the avowed goal of the new co-operative.[62]

At the 1 April meeting W.J. Warren, MLA for Belbeck, was elected president. Speaking as president, Warren said that farmers were being urged to take up mixed farming but were immediately faced with the problem of marketing their products. He referred to similar experiences in Ontario where the farmers had organized to operate their own cheese factories and creameries. Saskatchewan farmers, he implied, should follow the Ontario example.[63] It is worthy of note that an MLA should expound, in 1920, a concept that had directed provincial government dairy policy under W.A. Wilson from 1905 to 1917. However, that policy had become embodied in the Saskatchewan Co-operative Creameries Company which had long lost touch with dairy farmers.

The Moose Jaw Producers' Co-operative Association was incorporated on 6 July 1922 under the *Agricultural Co-operative Associations Act*. It was capitalized at $25,000 divided into 2500 shares of $10. Among the association's objectives was the "manufacture of milk and cream supplied by the patrons of the company, into butter or into any other commodity which would give the most satisfactory returns to the farmers, and to organize the country for more uniform production and better quality in production and to provide storage and marketing facilities for other farm produce, livestock and grain."[64] By the end of July, the new producers' association was contemplating the erection of a creamery. The *Moose Jaw Evening Times* reported:

> The first general meeting of the Moose Jaw Producers' Co-operative Association Ltd. organized for the purpose of operating a farmers co-operative

> creamery in Moose Jaw, was held in the auditorium of the Y.M.C.A. on Saturday afternoon last [July 29]. The meeting was attended by a number of farmers of the vicinity and during the afternoon the organization was completed....[65]

The 29 July meeting was addressed by P.E. Reed, Dairy Commissioner, and W. Waldron, Acting Registrar of Co-operative Associations. In his speech, Reed told the farmers, "Your organization is unique in so far as Saskatchewan's dairy industry is concerned. But while you have no precedent in your method of organization and operation for the handling of dairy products, we have abundant examples... of producers demonstrating their ability to handle and control their product until it reaches the consumer...." He added, "The establishment of this new manufacturing concern... should stimulate dairy production sufficiently to ensure your plant a good output without necessarily robbing others."[66] Perhaps it was politic for Reed to say this. But the assumption that had directed dairy policy in Saskatchewan for years had not been abandoned — develop the facilities for handling milk and milk production would expand in proportion to the capacity of these facilities. Few challenged this assumption.

On 8 April 1922, shortly after the first announcement of the attempt to organize Moose Jaw dairy farmers, a meeting was held between the directors of the Saskatchewan Creamery Company and local farmers. At this meeting, Caulder argued that the facts showed the inadvisability of forming a farmers' co-operative organization. He submitted data on cream prices and milk prices to substantiate his arguments and he was supported by A. Randolph of P. Burns and Company.[67] There is no further evidence that Caulder tried to dissuade the farmers from their planned course of action. Perhaps that is because he did not need to do so.

Progress reports made to the registrar of co-operative associations indicate that the Moose Jaw association was still in the process of organizing in February 1923. On 25 March 1924, W. Waldron, Registrar of Co-operative Associations, wrote to A.D. Dawe, secretary of the Moose Jaw association:

> Mr. W.J.F. Warren, M.L.A. paid me a visit this morning with regard to the affairs of the Moose Jaw Producers' Co-operative Association Ltd. and advised me that the association is not carrying on business and that it was the general wish of the shareholders to be dissolved.[68]

The association was dissolved on 23 September 1924.

However, the dairy farmers of Moose Jaw re-organized in a manner that emphasized cordial relations between farmers and the creameries there. J.A. Caulder must have been more sympathetic to this new organization. On 10 March 1924 the *Moose Jaw Evening Times* carried this report:

> A get together of the prominent dairy farmers of the district was held on Saturday morning in the Y.M.C.A. This is the first of a series of meetings it is proposed to hold at regular intervals for the purpose of instituting methods of co-ordination on a practical working basis between the dairy farmer and the creamery to put the 'better dairy cow' and the 'better dairy product' in the forefront of agricultural pursuits and to further enhance this vital phase of western farming.[69]

Obviously this new organization's aims and objectives differed from those of the earlier association.

On 15 March a second "get together" of dairy farmers was held out of which emerged the Moose Jaw Milk Producers' Association. A grievance committee was formed to look into any complaints that members had regarding the sampling and testing of milk. If necessary, an impartial authority was to be engaged to arbitrate any disputes over such matters. B.H. Thomson, W.E. Harris, George Wilcox, J.A. Thompson, and A.G. Reynolds were appointed as a board of directors.[70] It was this association that played an important role in the establishment of a cow testing centre and a bovine tuberculosis restricted area in the Moose Jaw district. Moose Jaw dairy farmers left the commercial aspects of manufacturing and distributing dairy products to others.

The door was left open for competition between raw milk dealers and the owners of pasteurization plants in Moose Jaw. This meant competition between J.A. Caulder's companies and the rest of the milk dealers. This competition was lessened by the fact that the Saskatchewan Creamery Company of Moose Jaw acted as a wholesaler of pasteurized milk, selling retail through the Moose Jaw City Dairy Company. This arrangement changed in 1925 when, on 28 November, Caulder's company announced, "We have purchased the milk business of the Moose Jaw [City] Dairy Company Limited and on December 1st, Tuesday, our wagons will be on the streets selling milk and cream — safe milk — because it is scientifically pasteurized. Moose Jaw City Dairy Company tickets will be exchanged for Caulder's tickets for one week."[71] At the same time it was announced that milk would be retailed for twelve cents a quart — a reduction of three cents. That the move was designed to radically change the methods whereby milk was distributed in Moose Jaw was indicated by Caulder's public statement that there were sixty milk wagons on Moose Jaw streets and that this number could efficiently be reduced to about fifteen.

Both Caulder and the raw milk distributors used the local newspaper to gain public support. One advertisement, placed in the *Moose Jaw Evening Times* by the raw milk dealers, explained a great deal. It read:

> TO THE PUBLIC OF MOOSE JAW
>
> As Vendors of Pure Milk in Moose Jaw we desire to draw your attention to some of the arguments set forth by Caulder's Creamery Limited.
>
> 1. Caulder says: 'You set the price of milk in Moose Jaw.' Do you know that Caulder is the man who has set the price for several seasons past to the City Dairy who only handle the creamery's products on a margin? So you see Caulder has had most to do with the setting of the high prices he is bewailing now.
>
> 2. Caulder says: 'Moose Jaw wants 'better milk.'' How many people who are using pure milk today are not satisfied? Do you know that Moose Jaw has as high or a higher standard of milk than any other city in Saskatchewan?
>
> 3. Caulder says: 'We believe when you know the facts you will support the Company who is trying to give you cheaper milk.' But Caulder also sells butter in Moose Jaw, and is not Saskatchewan Creamery Butter the dearest of any sold in our city today? He will not do any different with the milk when he once has control.
>
> 4. Caulder says he has 'safer milk' than Pure Milk. Has pasteurized milk proved safer than milk from cows which produce milk which does not need to be pasteurized to be pure and fit for human consumption? At any rate, you people are the judges.
>
> 5. Caulder says you consume 6,000 quarts daily. Well, only eleven or twelve

hundred quarts of pasteurized milk go into the homes of Moose Jaw today; the rest that is used is Pure Milk — not the milk that had to be made safe by pasteurization. Vital statistics show that Moose Jaw is just as healthy a place as any other city in the Province.

6. Caulder says 'Moose Jaw wants cheaper milk!' Well, on or about October 1st, this year, without any notice, Caulder informed the City Dairy the price was advancing to them. Consequently the City Dairy had no alternative but to raise the price to the consumer. Yet Caulder now claims to be the man who is going to give you cheaper milk.

7. Caulder says there are 47 milk rigs or dealers in Moose Jaw. Why? Because he did not give the producers a fair price for their milk or cream. Just ask any of the producers who are still selling to Caulder what they think about this question. Also if there are 47 rigs or dealers in Moose Jaw, why does he now import three more rigs to help deliver the same amount of milk?

8. Talking about boots, Caulder says: 'What you would save in a day or a year would buy a good many pairs of boots for your children.' If Caulder would pay the producers 6½ to 7½ cents a quart for standard milk instead of 5 to 6 cents a quart, the producers of milk and cream would have been able to buy their children a good many pairs of boots too!

9. You people as consumers may think that in the past you have paid too much for milk. But please remember, it was PURE MILK and of good quality sold by the people who produced it. And why should we not sell it? We produce it! Why should we be forced to sell to one man who states what you shall have for your milk in the can and then in turn would state the price that the consumer would pay before he could use it.

10. We are not after a monopoly as Caulder evidently is. We have no desire to squeeze out the other fellow that we may at a later date control and manipulate the price as he would like to.

Our New Prices effective December 1 are:

13¢ per Quart of Milk, 7¢ per pint

13¢ per Half Pint of Coffee Cream

20¢ per Half Pint Whipping Cream

This article is inserted by the undersigned that valued customers and friends may have both sides of the question before them for their consideration.

J.E. Biggs
J.E. Chew
H.S. Denny
(Denny's Dairy)
J. Duckworth
(Dunmore Dairy)
G.R. Fox
(Chester Farm Dairy)
G. Hill
(Windsor Park Dairy)
W.J. House
(Spring Valley Dairy)
Ellis A. Johnstone
(The Sanitary Dairy)
Mrs. Frances Vaughn

W.H. Johnstone
(Cobourg Dairy)
A.E. Johnson
(Sunnyside Dairy)
Fred Jones
(Rideau Heights Dairy Farm)
George Lockwood
(The Rosedale Farm Dairy)
D. Moore
(The Boulevard Heights Dairy)
T.G. Reekie
W. Sample
(Eastern Dairy)
Tom Zwidayk
(Victoria Dairy)[72]

The year after the advertisement's appearance, the Johnstones of Moose Jaw, one the operator of the Cobourg Dairy, the other operator of the Sanitary Dairy, joined forces as Cobourg Dairies. Their new establishment at 317-8th Avenue Northwest, Moose Jaw, handled their fluid milk trade and manufactured "Lily" brand creamery butter. They, along with others such as Fred Jones of the Rideau Heights Dairy Farm, were not about to allow Caulder and his pasteurized milk to monopolize the Moose Jaw market. Clearly, the consumer had a choice in Moose Jaw.[73]

Co-operative Organization in North Battleford

The successful pooling experience of the Saskatoon dairy producers did not go unnoticed in North Battleford. In 1930 a group of dairymen in this northern city enlisted the aid of W.B. Caswell in order that they might follow the Saskatoon example. A co-operative marketing association and a milk distributors' co-operative were both incorporated in 1930. Charles Davies, who operated the Supreme Dairy in North Battleford, was the secretary of the associations.[74] However, the depression had already spread its influence and the associations were never active.

Not until almost seven years later was the idea of co-operative effort revived. Ten distributors distributed raw milk in North Battleford in 1937. However, an already established pasteurization plant there was in financial difficulty, and Charles Davies informed B.N. Arnason, Registrar of Co-operative Associations, that the milk distributors in North Battleford desired to take over this plant and to pay for it out of earnings.[75] Arnason advised Davies to organize under the *Co-operative Marketing Associations Act* and to refer to the files on the old associations for guidance. He advised him to secure as much paid-up capital as was necessary to purchase the pasteurization plant, adding, "It is, of course, a matter of policy to decide whether to secure only sufficient paid-up capital to make the first payment on the equipment and pay the balance out of deductions." Arnason also suggested that the advice of C.T. Gooding of the Saskatoon Pool be sought.[76]

The Battleford Dairy Co-operative Marketing Association was incorporated on 19 April 1937 and began business the same summer. Those who joined the association announced:

> That in view of the increasing demands being made by local and provincial health authorities for a higher standard in the production and handling of milk, and increasing demand for safe milk; we, the undermentioned dairymen, who have been supplying you with milk for a considerable number of years... feel that the standards demanded cannot be attained by us as individual distributors. [We] shortly intend to distribute milk through one agency The Battlefords United Dairies.[77]

Once again, dairymen recognized that the days of individual relationships between producer and consumer were drawing to a close. The announcement was signed by Charles Davies, R.H. Speers, C. Flury, R.C. Caplette, J. Macht, J. Reiskie, J.A. Prince, H.A. Martin and the Quality Dairy.

On 31 May 1937 Davies, as secretary-treasurer of the Battleford association, applied for a licence to operate a creamery as well as a dairy. He explained that, "Most of the output of this Association will be sold as fluid milk and cream, but its surplus will have to be churned into butter."[78] P.E. Reed replied that such an application would have to go before a Licence Board recently provided for in the *Dairymen's Act*. Reed did not support the co-operative's application because two creameries, those of the Saskatchewan Co-operative Creameries and of Burns and Company, already existed in North Battleford. Davies countered Reed's assessment of the situation by writing:

> I would like to first of all point out, that we are not opening up a new business but merely reorganizing the retail milk distribution business in this city as we members of the Association are all at present producer-distributors in the fluid milk trade here, and the building in which we intend to operate is already licensed as a plant by your Department and is at present operated by R.W.J. Rowlands.[79]

Reed pointed out in his reply that Rowlands had received a licence to operate a dairy, not a creamery. In any event, the Licence Board did not grant a creamery licence to the Battleford co-operative in 1937. Nor did it do so in later years when application was made. The Battleford co-operative continued to pasteurize and distribute milk until it was sold to the Saskatoon Dairy Pool in 1946.[80]

Conclusion

In contrast to the creamery industry in which so-called co-operative organization emanated from the government's dairy policy, co-operative organization in the fluid milk trade originated with farmers. Saskatoon's health by-laws, along with a restricted milk shed, contributed to the success of the Saskatoon Dairy Pool. The absence of such regulations in Regina contributed to the failure of the Regina Dairy Pool.

The growth of the Saskatoon Dairy Pool helped to shape the future course of the dairy industry in Saskatchewan. The experience gained by the organizers of the pool form of co-operation was relied upon to reorganize the Saskatchewan Co-operative Creameries Company as a co-operative in practice as well as name. The reorganization of the largest creamery company in Saskatchewan took place at the end of the Great Depression and drought of the 1930s, just before World War II created an environment in which Saskatchewan butter production reached record levels.

EIGHT

THE DAIRY INDUSTRY IN THE DEPRESSION YEARS

The Depression in Perspective

From the earliest days of settlement, Saskatchewan farmers had been chastised by government officials, newspaper editors, and urban businessmen because they chose to specialize in wheat, rather than to diversify their farm activities. In the abnormal climatic and economic conditions of the 1930s, the Saskatchewan economy, based on wheat, verged on collapse. Under these conditions, Saskatchewan farmers were forced to retrench, to become more self-sufficient, and to turn to farm products other than wheat as a source of farm income. Farm income in the thirties was far below the level of income expected by the pioneers who had settled the West. Farmers diversified not so much in the expectation of rising levels of income, but in order to stabilize their income, albeit at low levels. Table 8.1 shows the failure of wheat to provide income in the 1930s.

As Table 8.1 shows the value of wheat production was less than half, and in some years less than one quarter, than realized in 1927 and 1928, and this was true from every year from 1930 to 1938. The greater relative importance of livestock and livestock products in the provision of income for the farm community is illustrated in Table 8.2

From 1926 to 1930 revenues from the sale of field crops were approximately seven and one-half times as great as those derived from the sale of livestock and livestock products. From 1931 to 1936 this ratio dropped to approximately three and one-half to one in spite of the fact that revenues from livestock enterprises also decreased. In 1937, revenues from livestock and live-

TABLE 8.1
AREA, YIELD, PRICE, VALUE AND PRODUCTION OF WHEAT IN SASKATCHEWAN, 1927-1938

Year	Area (1,000s of Acres)	Average Yield (Bushels)	Average Price (Wheat)	Total Production (in 1,000s of Bushels)	Value (in 1,000s of Dollars)
1927	12,979	19.5	.97	252,500	244,925
1928	13,791	23.3	.77	321.215	247,336
1929	14,445	11.1	1.03	160,565	165,382
1930	14,714	14.0	.47	206,700	97,149
1931	15,026	8.8	.38	132,466	50,337
1932	15,543	13.6	.35	211,551	74,043
1933	14,743	8.7	.47	128,004	60,162
1934	13,262	8.6	.61	114,200	69,662
1935	13,206	10.8	.60	142,198	85,319
1936	14,744	7.5	.92	110,000	101,200
1937	13,893	2.7	1.05	37,000	38,850
1938	13,793	9.6	.58	132,000	76,560

Source: G.E. Britnell, The Wheat Economy *(Toronto: University of Toronto Press, 1939), 50.*

TABLE 8.2
ESTIMATED VALUE OF AGRICULTURAL PRODUCTS ACTUALLY SOLD OFF FARMS IN SASKATCHEWAN, 1927-1938
(1,000s of dollars)

Year	Wheat	Coarse Grains and Flax	Livestock	Dairy	Poultry	Wool	Total
1927	221,537	25,679	14,493	7,257	3,282	157	272,405
1928	217,927	28,035	15,947	7,826	3,593	238	273,566
1929	134,932	15,124	16,978	8,846	3,694	141	179,675
1930	72,293	7,411	11,407	7,212	3,400	80	101,803
1931	44,407	5,219	7,245	6,374	2,900	61	66,206
1932	56,880	3,625	4,641	4,972	2,000	52	72,179
1933	52,301	4,950	5,789	5,510	2,100	171	70,829
1934	57,950	6,384	8,586	5,980	2,400	106	81,406
1935	68,400	4,561	11,813	6,350	3,000	134	94,258
1936	78,200	12,800	14,519	6,886	3,600	167	116,172
1937	17,850	1,865	20,955	7,350	3,200	175	51,395
1938	63,800	3,610	8,283	7,000	2,800	130	85,623

Source: Compiled from statistics in Saskatchewan, Department of Agriculture Annual Reports, *1927-1939.*

stock products actually exceeded revenue from crops.[1] Table 8.3 illustrates butter production over the period from 1927 to 1938.

Table 8.3 shows that creamery butter output in Saskatchewan doubled from 1927 to 1938. This, coupled with the reduction in the number of creameries, increased output per creamery from less than 150,000 pounds in 1927 to about 400,000 pounds in 1938. The Saskatchewan Co-operative Creameries Company had operated forty-five creameries in 1927. By 1932, it operated only twenty-one, and this number was reduced to twenty in 1933. In 1936, the company reopened its branch in Broadview and operated twenty-one plants until 1939. The reduction in the number of creameries enabled the company to

TABLE 8.3
CREAMERY BUTTER PRODUCTION IN SASKATCHEWAN, 1927-1938

Year	1927	1928	1929	1930	1931	1932
Quantity	11,495,531	11,310,496	14,786,205	13,920,561	18,960,352	17,860,895
Price	.363	.386	.377	.308	.212	.172
Value	4,361,700	4,370,600	5,581,300	4,294,500	4,025,000	3,076,800
% Number 1 Butter	N.A.	N.A.	N.A.	6.08	74.0	78.4
% Summer Make	78.4	80.5	76.9	73.2	67.2	67.4
% Winter Make	21.6	19.5	23.1	26.8	32.8	32.6
Number of Milch Cows	462,270	418,506	420,004	429,062	470,000	453,000
Number of Factories	82	82	80	69	68	60
Output per Factory	146,286	137,932	184,827	201,747	278,828	297,681
Creamery Patrons	64,793	61,651	57,886	57,551	72,647	72,947
Year	**1933**	**1934**	**1935**	**1936**	**1937**	**1938**
Quantity	19,318,542	20,878,352	22,853,859	24,124,788	23,571,938	23,524,260
Price	.181	.186	.198	.211	.228	.226
Value	3,499,900	3,880,500	4,525,100	5,090,300	5,375,000	5,317,500
% Number 1 Butter	83.1	87.3	83.9	85.8	86.3	85.1
% Summer Make	71.6	74.8	76.2	75.0	79.4	81.7
% Winter Make	28.4	25.2	23.8	25.0	20.6	18.3
Number of Milch Cows	480,360	556,000	553,900	591,100	563,700	496,600
Number of Factories	60	58	60	61	60	60
Output per Factory	321,975	359,971	380,898	395,488	392,866	392,071
Creamery Patrons	65,675	58,605	63,252	68,121	57,731	N.A.

Source: Compiled from statistics in Saskatchewan, Department of Agriculture, Annual Reports, *1928-1939. (The number of creamery patrons is exaggerated because the figures were compiled by creamery and often a farmer would be listed as a patron of more than one creamery.)*

increase the average output per plant to almost 500,000 pounds of butter by 1935.

Prices for creamery butter dropped sharply between 1930 and 1931 and remained at low levels throughout the thirties. Prices did recover somewhat after 1932 but the largest increase in output occurred at the same time that prices fell the most — between 1930 and 1931. The explanation of this odd phenomenon lies in the lack of alternative sources of cash income for Saskatchewan farmers. Again, the percentage of the total output of creamery butter that graded number one increased from just over 60 percent in 1930 to over 85 percent in 1938. When the returns from cream began to constitute a substantial portion of farmers' cash income, it became much more imperative that the quality of cream be improved. In a radio broadcast over CJGX Yorkton, 3 January 1936, Percy Reed told listeners:

> The reason for these increases is not that the people of Saskatchewan particularly love milking cows or caring for them, or that they have a special fondness for the washing of dairy utensils. The explanation is found chiefly in the fact dairying offers the surest available income, that that income is available in ready cash week by week throughout the year, and further when grain crops wholly or partially fail, the dairy cow converts such vegetation as is produced on the farms, whether as damaged grain or as roughage, into a readily marketable product. During these recent years of crop failure and disappointing prices, there have been many farms where the weekly cream cheque appeared as the 'shadow of a great rock in a weary land,' because it

> was the only cash revenue in sight, and the returns from the dairy herd with the associated lines of hog raising and poultry production have kept many farm families in a position of independence when otherwise this would have been impossible.
>
> The very marked improvement in the average quality of Saskatchewan's dairy product in recent years is worthy of comment.... While various factors have contributed to the improvement reported in our creamery butter, it must not be overlooked that one absolute requisite to the improvement is better raw material, and the progress recorded is a very great tribute to the dairy producers of Saskatchewan.[2]

The price of creamery butter after 1932 was not only maintained but showed an upward trend. This was made possible, in the face of rising output, by favourable market conditions and by a prohibitive tariff that was placed on butter imports in 1930. After the domestic market for butter received a greater degree of protection, the dairy industry was fortunate to have this move complemented with a substantial increase in the consumption of butter per capita.

Several factors may be noted in the butter trade. Imports of butter, which became significant in 1929, fell abruptly in 1931, almost disappeared in 1937, and climbed to over five million pounds in 1938. Exports rose significantly in 1931 and, except for 1934, remained at twice the pre-1931 levels until 1938. Consumption per capita rose by over three pounds from 1927 to 1938. The decline in imports, combined with the increased domestic consumption, enabled increased creamery butter production in Canada to be absorbed, for the most part, in Canada. As one authority, Professor W.M. Drummond of the University of Toronto, wrote in the mid 1930s:

> Immediately preceding the federal election of 1930, various organizations representing the interests of the dairy farmer and including the National Dairy Council, presented arguments in favour of raising the tariff against New Zealand butter. The same issue presented by these demands became one of the most controversial topics of the 1930 election campaign and contributed to the defeat of the Liberal administration. Immediately following the election the tariff was raised to a prohibitive level, viz. eight cents a pound.
>
> Following this action and probably because of it, Canadian butter production experienced a pronounced expansion.... In 1934 exports [from Canada] practically disappeared since Canadian prices continued well above the world level.[3]

Stocks of butter in Canada began to rise significantly in 1934 and the resulting downward pressure on prices enabled Canadian butter to re-enter export markets.

The Saskatchewan farmers' ability to maintain and expand the production of cream under the extremely dry conditions of the thirties is worthy of comment. E.H. Jones of Moose Jaw witnessed the thirties and wrote:

> I can distinctly remember, back in the 'thirties', over in that heavy land, that beautiful Regina clay that we had, we couldn't grow anything, we didn't have Russian Thistle but they had them on this side of the Creek in the sand, and we would come over here and get Russian Thistle and haul it home — it was the nicest thing you could feed a cow — they liked them and it would keep them loose — then there was the time that Dr. Eddy over there had a flash flood — he had 200 acres of oats that he had threshed which had

> Russian Thistle in it — 'Uncle Happy' made a deal with him for the stacks of straw and R.T. [Russian Thistle] that was wet and green. I never saw cows milk so good, it was beautiful, — imagine not wanting to have Thistle, we were wishing we had them on our place — we had only mustard.
>
> Also in the thirties — we were happy if we had straw — we fed straw and mill feed — God bless the Robin Hood mill — that was the best friend we had — you could go in the Robin Hood mill at the first of the year and contract for bran, shorts and middling. That's what we fed. We didn't have grain but we had straw and we hauled from all over creation. We didn't have hay, nobody had hay but we got good production — you know a cow can adapt to almost anything.... The Thirties were tough but dairy producers did not panic, they did not rush their stock to slaughter, nobody got in a bind — the remarkable thing was that if you were a milk producer your credit was good....[4]

Alex Duck, a Regina dairyman, recalled:

> We did not grow any feed — in the thirties the bulk of our hay came from Manitoba and Alberta with Government assistance on freight costs — some was sweet clover. We were not allowed to open the door of the railway car before paying for the hay and sometimes the quality was not good. There would be a few good bales at the entrance but further in the hay was heavy with salt and water. One source of hay was Pense, 18 miles west of our place and we hauled the hay on iron wheels with horses.... We were away from early morning until evening milking time — we couldn't trot the horses, it was too rough. People all around were pulling up stakes and moving north....[5]

Dairymen taxed their ingenuity to maintain their dairy herds throughout the 1930s. But the drought in 1937 was without parallel. Gordon Loveridge, of Grenfell, who gave the presidential address to the Saskatchewan Dairy Association in spring 1938, described its unbelievable conditions.

> The year just past has been one without precedent for the agricultural industry and we hope the like of it will never occur again in the memory of living man. A year of widespread drought and crop failure never before even approached.... A year when the yield of grain reached an all-time low, and pasture conditions, even in the summer were so bad that livestock actually starved. A year that saw the wholesale marketing of cattle on a scale never before even thought of, in an effort to get cattle out of the country before they starved to death or entered the winter in such condition that they could never survive. In many districts there will not be enough cows left by the end of this winter to supply the people with milk and butter. This past year saw a movement of feed into this vast drought area, on a scale never before considered in an effort to keep even a skeleton force of animals alive, as a foundation for future, and we hope, better years.
>
> Now, in a year such as this, let us look at the position of the dairy industry. An amazing thing has happened. Under the adverse conditions spoken of above we have produced during the year a total of 23,571,938 pounds of creamery butter, an amount never before exceeded in the history of the province except in the preceding year, when we produced 24,124,788 pounds. Certainly an interesting condition.
>
> How, under the most adverse conditions, this could happen can only be explained that an area three hundred miles long by two hundred miles wide was turned into one huge pasture and the old cow was called upon to roam over this vast area and salvage the ruins of what had been crop. Once again

> we find farmers, when faced with a crop failure, relying upon the dairy cow to carry them through to another year.[6]

The vast marketing of livestock to which Loveridge referred showed up in 1938 creamery butter output. But 1939 was another record year. F.H. Jones, president of the Saskatchewan Dairy Association recalled Loveridge's description of the sad conditions of 1937 at the 1940 convention, and explained the dairy industry's rapid recovery:

> These statements [Loveridge's] were true but such is the determination of our dairymen and such are the recuperative powers of the industry that, while 1938 did show a slight decrease in production, 1939, as I have already mentioned, set a new all-time production record. This record is all the more noteworthy in that it was achieved without any general government assisted plan for restocking of farms in the drought area. Incidentally, it now appears that the ultimate effect of the 1937 drought on the dairy industry may have been beneficial rather than otherwise, since it made necessary a careful and thorough culling of unprofitable cows from many herds where this was evidently needed. As a result of this forced culling in the fall of 1937 last year's record dairy output was produced with fifty thousand less cows than we had in the spring of 1937.[7]

Thus, the "Dirty Thirties" witnessed readjustments throughout the dairy industry in Saskatchewan. Unproductive dairy cows were not the only victims of the culling process forced upon the industry by the drought and depression. Unproductive creamery factories were also "culled." And Saskatchewan farmers, for the moment at least, had lost a good deal of faith in wheat growing as the path to affluence. The time appeared opportune to fulfill the dreams of the many men who had in the past thought of the Saskatchewan Co-operative Creameries Limited as the prime producers co-operative of the dairy industry.

The Saskatchewan Co-operative Creameries Company in Receivership

When it became obvious that the Saskatchewan Co-operative Creameries Company could not be continued as organized unless the government continued to support it, a general meeting of the company's shareholders was called for December 1931. The purpose of this meeting was to discuss and gain approval for a government-sponsored plan of reorganization. The government proposed that a new company be created to take over the assets of the old, and that the government carry on the business until such time as the province's dairy producers were in a position to take over. In order to avoid liquidation, the government offered all classes of shareholders one share of non-voting stock in the proposed new company for every paid-up share in the old. Old shares would be redeemed at $2.50 per share.[8] This proposal did not receive the unanimous support of all classes of shareholders — a necessary prerequisite for implementation of the government's proposal. A reporter for the *Leader Post* captured the atmosphere of the 16 December meeting when he wrote:

> The meeting was turbulent. Old Co-op. and the former Caulder's firms factions were strongly aligned.
>
> Delegates and shareholders at times showed a desire to voice opinions, long repressed, about the merger of the two companies. The procedure of the meeting produced confusion that wasted time. And when a vote was labouriously taken finally, it was discovered that insufficient representatives of the

> preferred shareholders were present to deliver a decisive and legal verdict on reorganization proposals.
>
> No one minded the waste of time, however. 'Hasn't the company been wasting our time for years' was the jibe of Pete Anderson, delegate from Bulyea.
>
> So some 80 delegates and shareholders spent most of Wednesday on the second floor of the head office building, and went home at night puzzled.[9]

Although the outcome of the meeting was indefinite, the government considered it an expression of opinion and proceeded to take steps to place the company in receivership.

On 29 January 1932 the government asked the courts to foreclose on mortgages it held on the properties of the co-operative company and to appoint S.C. Burton as receiver. Burton, a former mayor of Regina and general manager of Western Grocers Limited, had been made chairman of the co-operative company's board of directors in the fall of 1931. Now, as receiver, he was to act as the company's general manager and he was empowered to borrow such sums as were necessary to continue the company in business, up to a limit of $200,000. An act of the Saskatchewan legislature of 1933 confirmed the court's order appointing Burton as receiver and manager and empowered the courts to continue to appoint Burton or some other person to these positions.[10]

Under Burton's capable management the co-operative began to show signs that it was a viable enterprise. The auditor's report for the year 1933 showed an operating profit of $69,588.02. The company continued to earn profits and, by 1935, had built up a depreciation reserve of $357,156.67. The company's sustained earning power was illustrated by profits of $149,145, $87,880 and $195,146 in 1937, 1938 and 1939 respectively.[11] These profits were made in spite of continued losses in the operation of the co-operative's cold storage plants.

Although the company was earning profits on operations, it could not reduce substantially the very large debts that had existed in 1932. Legislation passed in 1933 had confirmed an agreement between the government and the Executors and Administrators Trust Company as trustee for holders of bonds in the Saskatchewan Creamery and Ice Cream Company. The trustees agreed to divide all the proceeds from the sale of the co-operative company's output which exceeded the amount required for the operation of the company. Under this agreement the government was to receive 78 percent of such excess funds and the bondholders 22 percent. This ratio was arrived at since, as of 31 January 1932 the company owed $411,733 to the holders of the $500,000 bond issue of 1924 of the Saskatchewan Creamery and Ice Cream Company. This amount was still owing, for although $108,600 of the bonds had been retired, accrued interest had to be added to the remaining $391,400 outstanding. On the other hand, the company owed the government by way of mortgages and unpaid interest the amount of $1,514,159. The ratio 1,514,159:411,733 is equal to 78:22. Of course, the government owned a total of $159,200 of the outstanding 1924 bonds. Under the terms of this agreement the government, by 1938, had received the sum of $422,760 of which $329,905.46 had been applied to interest on the government's $900,000 mortgage and $92,854.54 had been applied to principal. In addition, the government received $44,576 as its share of interest on bonds. Obviously, the company would require many years to pay the principal of government mortgages and $51,102.74 was still due to bondholders by way of interest on 30 September 1938.[12]

The company's improved earning power in the 1930s did not enable it to make substantial inroads on the very large debt to the government. Although the $900,000 mortgage held by the government was somewhat reduced, the principal amount of the company's indebtedness to the government resulted from the fact that the government, in 1933, implemented guarantees of the company's borrowings from the bank. This was done by issuing treasury bills to the amount of $1,344,997.27.[13] Under such circumstances it was unreasonable to believe that, if the company remained in receivership, the government would realize the full amount of the company's obligations to it. Accordingly, plans to reorganize the company as a farmer-owned co-operative began to materialize in 1938.

The Provincial Dairy Advisory Committee in the 1930s

The Provincial Advisory Committee, as it was usually called, had originated in the early 1920s when J.A. Caulder used the introduction of compulsory cream grading to bring about greater co-operation among creamery managers.[14] Members were elected annually at a meeting of creamery operators. After 1928 the committee was composed of six members, three to represent the northern portion of the province and three to represent the south. At the meeting of creamery operators held in April 1928 it was agreed that the general secretary of the committee should be a member of the staff of the Saskatchewan Co-operative Creameries Company, to be named by Caulder. J.S. Turnbull of the co-operative was named to this post in the early 1930s and became, as a result, one of the most important men in the creamery industry in Saskatchewan. Indeed he had two full time jobs for he was both an employee of the Saskatchewan Co-operative Creameries and secretary of the Advisory Committee.

In the early thirties, the competition of Manitoba creameries was most worrisome to Saskatchewan operators. A large market for sweet cream for table use existed in Winnipeg. Creameries in or near Winnipeg were able to pay a higher average price for cream than were their counterparts further to the west and north who were compelled to manufacture into butter all of the cream they purchased. Winnipeg creameries encroached upon the cream territories of creameries at points such as Brandon and Shoal Lake which, in turn, were forced to draw cream from points west. However, these Manitoba creameries were able to pay higher prices than were Saskatchewan creameries due, it was claimed, to freight rate advantages on butter. Saskatchewan creamery operators complained that Manitoba creameries rebated express charges to the Saskatchewan cream shipper but did not do so if the shipper resided in Manitoba.[16]

Saskatchewan creamery operators also had Alberta creameries to contend with on the western border of the province. If satisfactory cream pricing arrangements could be made with Manitoba, the terms of any such arrangement could reverberate across the province and affect cream buying on the border with Alberta. In autumn 1932, Manitoba creamery operators decided that it was necessary to reduce the price of butterfat and agreed that the best way to effect a reduction was to eliminate the grade, table cream. Saskatchewan and Manitoba operators met and agreed to eliminate this top grade in all territory west of Portage la Prairie. Turnbull notified Saskatchewan operators to drop the bonus paid for table cream throughout Saskatchewan.[17]

This reduction had repercussions on the Alberta border because Alberta operators would not fall into line. The spread between the price paid for top quality cream in Alberta and Saskatchewan immediately widened and creameries on the west side of the province lost cream to Alberta creameries. One solution was to allow creameries on the Alberta border to pay higher prices than other Saskatchewan creameries but, as Turnbull pointed out, this would affect other Saskatchewan creameries and higher prices would spread eastward and result in Manitoba creameries reverting to their former pricing practices.[18] The price system paid no attention to political boundaries.

Manitoba creamery operators re-established the premium paid for table cream in February 1933. Turnbull sought other ways to circumvent the competition that this implied. An agreement was reached whereby creameries in each province would pay the price prevailing in the province from which table cream was shipped. He failed to negotiate a similar agreement with Alberta operators, and P.E. Reed undertook to explain the competitive dilemma faced by Saskatchewan to his counterpart in Alberta, C.P. Marker. In his explanation Reed described the competitive territories into which Saskatchewan had been divided years before by Caulder. Marker, apparently, knew nothing of this division and referred Reed to the anti-discrimination clause in Alberta's *Dairy Products Act*. In reply, Reed wrote:

> I am in receipt of your letter of March 7th. I was surprised to learn from this that you were not aware of the price arrangement which we had in effect to meet the situation on the East and West borders.
>
> I may say frankly what may at once be evident to you, that this made a somewhat difficult position for the Dairy Branch. The line at which the competitive prices on different territories were applicable, has been changed, from time to time which made the checking of the sheets more difficult, but we have always checked closely and sharply any variation from what we knew to be the recognized price. To take care of this situation it was necessary that we have allowance made in the discrimination clause of our act that cream might actually be purchased at more than one price at the same plant, but we have consistently required that all cream from any recognized area should be paid for at a uniform price.
>
> For your confidential information, the interpretation of our discrimination clause has been discussed with the officers of the Attorney-General's Department a number of times. I should certainly like to have this effective on the basis that all cream delivered to any one plant must be purchased at a uniform price for each grade, regardless of point of origin, and perhaps we can get back to that basis some day, but under existing conditions I am not prepared to recommend this change in the legislation and in fact, we had contemplated some changes which would allow greater latitude in meeting Manitoba competition....
>
> As you would gather... I have had very little to do with the arrangements proposed by our Advisory Committee, in fact apart from some very informal discussions, I have had nothing to do with this. On general principles I endeavour to avoid being present for, or having any part in price discussions....
>
> Since this a confidential letter, I may say that I sometimes think that the fellows give us such information as they think we should have, and go to a little pain to avoid telling us anything which they might consider would be disturbing to our health or good spirits....[19]

Accompanying this letter were copies of correspondence regarding cream prices exchanged between Turnbull and J.W. Skelly, Palm Dairies Limited, Calgary. Marker replied, "... you are quite right in assuming that the copy of the correspondence between Mr. Turnbull and Mr. Skelly made interesting reading, especially in light of what you said in your own letter, and I think your inference [concerning how much information was provided by the operators] is about right."[20]

Another problem relating to the purchase of cream was whether or not it should be purchased on a "delivered" or an "f.o.b. shipping point" basis. Under the first plan, the transportation charges on the cream were paid by the farm producer through a deduction on the amount due for his cream, while under the second scheme, the transportation charges were absorbed by the creamery which then quoted a lower price for the cream. The manipulation of the basis upon which freight charges were paid was one way of avoiding competition through direct changes in the price paid for butterfat. It was a constant source of friction both inter-provincially and among the operators within Saskatchewan. When motor trucks began to be used more extensively, this further complicated the problems associated with the manipulation of transportation charges.

On 26 March 1934 Turnbull informed Barbour, Heim, and Lewis of his intention to resign as secretary to the Advisory Board. It was, he claimed, absorbing too much of his time.[21] When the Saskatchewan creamery operators learned of Turnbull's decision they unanimously urged that he continue as secretary and an honorarium was established for him. It was an opportune time for Turnbull to introduce a new territorial and freight rate plan.

Turnbull's new plan for buying cream in Saskatchewan was introduced at a meeting of creamery operators held 20 April 1934.[22] Both the Manitoba and Alberta competitive territories were adjusted to leave a larger, central, Saskatchewan territory. Within this central territory a single pricing and a single grading system was to prevail. Where cream was bought on a "delivered" basis the full costs of transportation were to be deducted from the patron's cream cheque. When deliveries were made by truck, deductions were to be made in accordance with legal tariffs and this amount only was to be paid to the driver of the truck. In other words, the truck driver was not to be paid to solicit business. These provisions were to apply only to the Saskatchewan territory. Creamery companies were to be free to meet competition in freight rates that arose out of the actions of Alberta and Manitoba operators.

The creamery operators agreed to the new territorial arrangement and the new buying basis. By June 1934, however, Turnbull reported to Reed that the plan adopted in April had never been implemented in its entirety. He reported, "It is quite apparent that certain Saskatchewan interests are determined to have an advantage over their competitors, from a production standpoint, and will only co-operate when conceded this advantage."[23] The deviations from the agreement reached in April led to a special meeting of the Advisory Board on 29 June 1934. At this meeting it was revealed that the main problem lay in certain manipulations of truck rates to gain competitive advantages. A new buying basis, to be effective 9 July, was agreed upon.[24]

It was in 1934 that the federal government passed legislation which provided for the establishment of compulsory marketing boards for the administration of marketing schemes for natural products;[25] dairy farmers were eligible to apply for such a board to market dairy products. On 2 November 1934 Turnbull wrote:

> It has occurred to us that unless the Operators in the three Western Provinces are able to get together in the very near future and work out a buying basis and grading basis equally applicable to the three Provinces, and enforceable by the three Provincial Departments, that we may find ourselves in the unhappy position of having the present admitted evils corrected by independent and only indirectly interested parties. We take the liberty to suggest that the hand writing is already on the wall. In Ottawa we have already set up the necessary machinery, which, if taken advantage of at the request of the majority of producers, will be put to work on their behalf. . . . Is it not reasonable to assume that the cream producers of the three Western Provinces, subjected as they had been in the past years to a large number of unfair, unequal and unbusinesslike practices on the part of the Operators, may take advantage of the machinery already set up, to try and have these inequalities eliminated, irrespective of the Operators? Representations to the proper authorities from the producers would undoubtedly result in an enquiry of some form, and the writer hesitates to contemplate the reaction of a governing body to the answers that the Operators would have to give in explaining their present cream buying practices.
>
> . . . Saskatchewan is helpless to eliminate the present buying evils without the co-operation of the other two Provinces. True, steps might be taken that would somewhat improve conditions, but if taken would undoubtedly work a hardship to certain Saskatchewan Creameries; they would of necessity be placed at a distinct disadvantage insofar as either Alberta or Manitoba competition is concerned.[26]

Turnbull undoubtedly used the new "danger" of a marketing arrangement imposed by legislation to bring about greater co-operation among creamery operators.

By March 1935 considerable progress had been made towards a new buying basis for cream in all three prairie provinces. Alberta adopted a plan whereby the creameries paid one price for cream delivered to a creamery, one cent less for railroad cream and two cents less for truck cream. In Manitoba, it was decided that the entire province would go on an f.o.b. shipping point basis, with a one cent premium for cream delivered at the door of a creamery. In addition, it was decided that creameries in Winnipeg would pay for butterfat at a rate of three cents under carload butter prices f.o.b. Winnipeg. Fotheringham of Brandon argued that this last proviso "will permit a measure of co-operation on prices in Winnipeg without it, as it were, appearing that all operators are co-operating on this matter."[27] Saskatchewan operators agreed to adopt an f.o.b. shipping point buying basis throughout the province paying the same price for butterfat whether delivered to the door of the creamery by the patron, delivered by rail or delivered by truck. All agreed to deduct fifteen cents per can of cream from the shipper on all truck shipments. This buying basis, it was was argued, would eliminate the competition that had arisen in the past through adjustments on express, and would act to prevent trucks from one creamery encroaching upon the territory of another creamery.

It should be noted that there was one major difference between the Saskatchewan plan and those adopted in Alberta and Manitoba — there was to be no premium paid for cream delivered at the door of the creamery by the patron. Turnbull insisted upon this because of the fear that new creameries would be encouraged if local cream was paid a premium. In a letter to Heim he argued, "It behooves us to give the Department a measure of control over keeping creameries closed by agreeing to a buying basis which will not discriminate in net returns between local and railroad shipper."[28] Wilson's old policy of judicious centralization still applied in Saskatchewan.

This was in 1935. In the years prior to World War II the Advisory Board — and this meant Turnbull to a large degree — continued to monitor price changes, and continued to agitate for the adoption of a single grading standard across the prairies. At the end of 1939 the concept of competitive territories still prevailed. When World War II commenced, the role of the Advisory Board changed considerably due to wartime price and quantity controls. The Dairy Products Board, a federal agency, was established in May 1940. This Board was given power to regulate the export of dairy products, including the power to determine prices and price differentials which were to rule for dairy products delivered in accordance with the requirements of the Board. It was empowered, also, to fix minimum prices to be paid by manufacturers and exporters for dairy products.

The Provincial Dairy Advisory Board and its activities provide an example of yet another attempt to place an economic significance to political boundaries within a federal state. The political boundaries between Manitoba, Saskatchewan, and Alberta were established for political and historical reasons. Vested interests within these boundaries have used the existence of the political unit to promote and justify economic goals that have had little economic rationale.

The Fluid Milk Trade, Price Wars, and the Milk Control Board

The competitive market mechanism continued to defy the efforts of creamery operators to circumvent it. In the fluid milk trade the market mechanism broke down and it became socially desirable to replace it with a system of government regulation. There always had been a differential between the price received by farmers for fluid milk and for milk sold to creameries. When depressed markets forced the price of butterfat down, contractual arrangements in fluid milk markets widened the differential. Cream shippers had a greater price incentive to enter fluid milk markets.[29] The efforts of the government to improve the quality of cream produced contributed to the ability of cream shippers to meet the standards required by municipal milk ordinances regarding fluid milk. Coupled with improved transportation, this enabled farmers distant from fluid milk markets to enter those markets with relative ease. Fluid milk surpluses began to increase and to disrupt markets.

The break up of the Regina Dairy Pool came in the face of milk surpluses. On 6 May 1932 the *Leader-Post* reported that "Regina milk distributing agencies are on the increase with 13 firms in the field."[30] When the contract between the Regina Dairy Pool and the three distributors who had been a party to it expired, the latter were free to make contracts with individual milk shippers. This they did and each new contract stipulated that, if the price of milk fell by one cent a quart, the price to the farmer was to fall by nine cents per pound of butterfat.[31] Thus any decrease of the retail price of milk would fall with full impact upon the farm producer and the possibility of price decreases became stronger as the number of distributors increased.

The milk situation in Regina, although volatile, was not characterized by an element that brought about immediate legislative action in Winnipeg. In Winnipeg the chain stores began to market milk. They asked milk distributors to supply milk to them at a price equivalent to the price paid by householders, less the cost of door-to-door distribution. The distributors refused to be a party to such an arrangement. One of the chains established a pasteurization plant and began to buy milk direct from producers at prices competitive with those paid by the milk distributors. However, because the chain did not deliver door to door, it was able to undercut the distributors. The milk distributors, in turn, broke contracts with farmers and paid less for milk. The chain retaliated by lowering its price and a price war ensued. The Winnipeg District Milk Producers Co-operative Association, a bargaining agency for dairy farmers in the fluid milk trade, appealed to the Manitoba government to restore order to the Winnipeg fluid milk market and, in the spring of 1932, the government declared milk a public utility and gave to the Municipal and Public Utility Board the necessary powers to restore order.[32] This was the first such authority granted in Canada.

As early as September 1932 the Saskatchewan government was contemplating action similar to that taken in Manitoba. F.H. Auld, Deputy Minister of Agriculture, asked P.E. Reed to give his views on the matter, but Reed was hesitant to recommend that controls be introduced. In his reply to Auld he wrote, "In our own province no such emergency [chain stores] has yet arisen as had to be met in Winnipeg.... I hesitate to recommend that such legislative authority should be asked for until there is evidence of a need for it...."[33] However, the fear of a price war among Regina milk distributors, even in the absence of chain store competition, loomed larger as 1932 drew to a close. On 29 December Reed informed Auld that, "Mr. Edgar has just called me and his conversation indicated that he was rather thoroughly on the war path...." The Regina Pure Milk Company and Producers' Dairy, by offering discounts, had taken over important accounts from both Purity Dairies and the Saskatchewan Co-operative Creameries. Discounts had been given to the Monica Cafe, the Kitchener Hotel, and to households which consumed large amounts of milk. Edgar had informed Reed that he had to have volume to cover overhead and would meet such competition by a reduction in price.[34] This would mean a reduction in the price paid to the producer.

By the new year a price war was a reality. On 3 January 1933 the *Leader-Post* announced, "Regina milk companies ushered in the new year with a price war and milk is down to nine cents a quart."[35] So long as the growing competition among distributors was confined to discounts, or other special concessions, the majority of milk producers were not affected. Now the price reduction affected all those under contract. Ralph Cummins, president of the Regina Local Dairymen's Association, stated that the producers experienced a twenty percent reduction in the price paid for their milk. S.C. Burton explained, "A section of the producers not under contract were cutting prices so that some of the distributors were undercutting us... we were compelled to take action."[36]

Representatives of the Regina Local Dairymen's Association met with the Minister of Agriculture on 3 January and proposed that milk should be brought under jurisdiction of a Board as had been done in Winnipeg. The Minister agreed to meet with the distributors with the intention of restoring 1932 milk prices, and of bringing some semblance of order to the Regina fluid milk market. This meeting was arranged for 5 January.[37]

The 5 January meeting was attended by the major Regina distributors, with the important exception of Palm Dairies, Limited, and an agreement was finally worked out and signed on 9 January. It stated, "We, the undersigned milk distributors in the City of Regina, hereby agree to the following prices, terms, and conditions as affecting the purchase of milk from the producer and the sale of milk and milk products in the city." The retail price of milk was established at ten cents a quart, with corresponding prices set for creammilk, coffee cream, whipping cream, buttermilk, and sour cream. The distributors were to continue contract prices for milk purchased. There were to be no discounts from the agreed schedule of prices. The distributors also agreed to avoid, as far as possible, the use of bottles that bore the stamp of another city distributor.[38] P.E. Reed was to supervise the actions of milk distributors and to act as referee in any disputes.

The arrangement between the distributors was supposedly a "gentlemen's agreement," but by the end of February 1933 Reed had reached the conclusion that the only solution to Regina's milk problems lay in provincial government intervention. Palm Dairies was not a signatory to the 9 January agreement and city council was concerned with obtaining cheaper milk for relief purposes. It was, apparently, the practice of the Regina General Hospital to ask for quotations regarding the price that Regina distributors would be willing to accept in return for the hospital's account. Palm Dairies had been given the hospital contract for a period of several months at a price of five and three-quarters cents per quart of milk. This was considerably below the price agreed upon at the January meeting. Regina's city council was purchasing milk for relief purposes at ten cents a quart and, in view of the contract between Palm Dairies and the General Hospital, city officials began to press for a price of nine cents for milk for relief purposes. Burton took the stand that if the price of relief milk was to be reduced to nine cents he would reduce the price of all milk sold by the Saskatchewan Co-operative Creameries Company to nine cents. This would mean a reduction of nine cents per pound of butterfat paid to the farmer. Another price war seemed imminent and Reed recommended legislation "somewhat along the lines now in effect in Winnipeg."[39] By July 1933 milk producers in the Regina area were talking of a "milk strike." Regina was the rule rather than the exception with regard to fluid milk markets in Saskatchewan in the 1930s.

Although the chaotic conditions experienced in the fluid milk trade in Regina were not experienced in Saskatoon, the scene there was not entirely tranquil. Members of the Saskatoon city council openly declared that there was too great a spread between the price paid to farm producers of milk and the price paid by consumers. The Saskatoon Dairy Pool was criticized for buying expensive property and installing expensive machinery. Alderman John McDougal, in 1933, claimed that the dairy pool would have been able to offer cheaper milk from a plant on the outskirts of Saskatoon.[40] Alderman John H. Cameron claimed that the city's by-laws created a monopoly. Both C.T. Gooding and W.B. Caswell felt it necessary, from time to time, to defend the way in which the fluid milk trade was organized in Saskatoon.[41] Nevertheless, Saskatoon's fluid milk trade was comparatively orderly during the thirties because the city's by-laws provided for a restricted zone from which the city drew its milk supply, because there was strict enforcement of a pasteurization by-law, and because the Saskatoon Dairy Pool had found effective ways in which to dispose of surplus milk.

Early in January 1933 George Wilcox, secretary of the Moose Jaw Milk Producers' Association, informed Reed that association members, J.A. Thomson, B.H. Thomson, R.H. Jones and William Owens, desired to meet the Minister of Agriculture to discuss the problems created by the large number (some thirty-five to forty) of small milk distributors in Moose Jaw.[42] Moose Jaw farmers who delivered milk to the larger distributors were under contracts similar to those in effect in Regina. The delegation feared that the distributors to whom they sold their milk would be forced to reduce milk prices in Moose Jaw because there was no by-law that excluded raw milk sales. Although there is no evidence that the Minister of Agriculture had to bring his influence to bear on the Moose Jaw situation, he was made aware that influential milk producers in the Moose Jaw area were of the opinion that the only solution to their marketing problems lay in some form of government legislation.

On 20 January 1933 A.R. DeManbey, manager of the Saskatchewan Co-operative Creameries branch at North Battleford, informed Reed of an impending price war in that town. He wrote:

> We are heading into a price war at North Battleford that is going to be very serious to us.
>
> It started through a new milk dealer, Mr. Randall, starting to sell at 5¢ a quart. This man was previously selling his milk to Gauthier, who has the largest raw milk business in the city, but Gauthier discontinued taking his milk with the result he is out to get Gauthier....
>
> Our city council will not take any action in the matter to protect the city milk supply, so that now we must find some other way out, and there is the possibility of the government setting the price as at Regina, but the question is how should we go about it?[43]

DeManbey was unaware that the government had not set the price of milk in Regina but had merely brought about a "gentlemen's agreement" between the majority of the major milk distributors. Reed informed him of this, adding that the Regina situation "is just a matter of sitting on a keg of dynamite which may blow up at any time."[44] The situation at North Battleford once again brought the need for provincial government action forcibly to the attention of Reed and his Minister.

By autumn 1933, the government had come to the conclusion that legislative action was necessary to restore order to fluid milk markets in Saskatchewan. On 27 October 1933 Dr. William Allen, Professor of Farm Management at the University of Saskatchewan was appointed to be a one man commission "to inquire into and report upon all matters connected with the production, processing, distribution, and sale of milk and milk products in Saskatchewan... and to recommend such action and measures of control in the marketing of milk in Saskatchewan as he may deem necessary or advisable in the public interest...."[45]

The Allen Commission held hearings in Saskatchewan's major cities during November and December, 1933. Its report and recommendations were made public on 5 March 1934.[46] The report recommended that "the powers of the Local Government Board be extended to include the regulation and control of the production, distribution and marketing of the milk supplies of the cities of the province along lines similar to those authorized in the provinces of Manitoba and Alberta, the costs of this regulation and control to be borne by the industry." Allen cited advantages of imposing regulations through the Local Government Board. These were that the Board was already in existence; that it had prestige and that no new senior personnel would be required. The report also recommended that, unless municipal governments enforced sanitary and health by-laws in a stricter and more uniform manner, the provincial government should assume greater responsibility in this area.

Allen's recommendations took nobody by surprise. All sectors of the dairy industry either welcomed the introduction of government control or felt that it was inevitable. In fact, a few weeks before Allen's report was made public, the Saskatchewan Fluid Milk Producers' Association was formed. The executive of this new association was representative of milk producers from all parts of the province. K.R. Smith, Regina, was its president, Thomas Watson, Prince Albert, its vice-president and R.H. Jones, Moose Jaw, its second vice-president. The executive was made up of Gordon Loveridge, Grenfell, A.J. Fahl, Saskatoon, J. Kruse, Swift Current, and P.C. Colquhoun, Maple Creek. The first official act of this organization was to meet with the provincial government to press for the formation of a milk control board.[47]

Allen's recommendations were implemented by the Saskatchewan legislature on 7 April 1934 by an amendment to the *Local Government Board Act*.[48] Under the amendment the Local Government Board was vested with the power, upon its own initiative or upon complaint in writing, to inquire into any matter relating to the production, supply, distribution, or sale of milk. The Board was empowered to prescribe the area or areas within which Board orders had effect and to require all persons who distributed, processed, sold, or kept milk for sale to obtain authorization from the Board to do so. It was empowered to classify milk producers and distributors and it could prescribe prices. All those engaged in milk production or distribution were to keep accurate records to which the Board was to have access. Violators of Board orders were subject to a fine of not more than $100 for each day that the offender was in violation. Milk control came into effect in Saskatchewan on 1 June 1934. B.A. Cooke of the Department of Agriculture dairy branch was transferred to the Board to act as Milk Administrator.

The first "milk administration order," dated 21 July 1934, stated:

> Upon complaint in writing having been received from the Moose Jaw Producers' Association, pursuant to notice, the board held an inquiry at the Court House, in the City of Moose Jaw, on the tenth and eleventh days of July, 1934, into matters relating to the production, supply, distribution, or sale of milk, in the city of Moose Jaw and vicinity.
>
> After consideration of evidence and for reasons given in the board's decision it was decided to establish temporary schedules of prices at which milk shall be supplied by producers and distributors.[49]

Distributors were to obtain licences from the Board before 1 August 1934. Prices for milk were set at the producer and consumer levels and distributors were ordered to pay producers twice monthly. Moose Jaw came under control on 1 August 1934.

Control was extended to other areas of the province as the Board, upon its own initiative or by request, conducted inquiries. Regina came under control at the same time as did Moose Jaw. By the end of 1934 controls had been introduced at Prince Albert, Yorkton, and Saskatoon. North Battleford and Swift Current came under control on 1 August 1935. Prices established in any area were based on local conditions, and each area's feed supply was an important consideration in setting prices, which were subject to change.

The Local Government Board followed a policy designed to eliminate the large number of milk distributors who had entered urban fluid milk markets. Before the Local Government Board would authorize a milk distributor, or grant the distributor a licence, the applicant was to have a licence issued by the municipal authority involved. On 2 November 1934 Cooke wrote to Dr. A. Wilson, Saskatoon's Medical Health Officer and inquired:

> . . . we have a number of applications for a Local Government Board licence to distribute milk and for your information the following are the names of those who have applied:
>
> 1. J.C. Cherry, 412 Avenue I North;
> 2. Arthur Morse, General Delivery;
> 3. T.J. Salmon, General Delivery;
> 4. George S. McCormick, R.R. Number 2;
>
> Are these persons licensed under your by-law?[50]

Wilson informed Cooke that none of the distributors listed was licensed by the city. As a result, the Board informed each that:

> It will be necessary for you to cease the distribution of milk in the City of Saskatoon forthwith and if you continue to distribute or sell milk in the City of Saskatoon without a licence and contrary to The Local Government Board Act as amended, and to the board's order in that connection, then the board will have no alternative but to institute the necessary legal proceedings against you which I trust will not be necessary.[51]

It was necessary. The Board decided to prosecute J.C. Cherry, who was found guilty of selling milk without a licence. Cherry decided to test the Board's authority by appealing his conviction. The application for leave of appeal was heard before Judge J. MacLean of the Court of King's Bench. His judgement, dated 5 February 1935, denied Cherry the right of appeal, thus upholding the actions taken by the Local Government Board.[52]

In February 1935 new legislation known as the *Milk Control Act* was passed.[53] This new act removed from the Local Government Board the onerous task of regulating milk prices and licensing distributors and vested the powers previously granted the Local Government Board in a new board to be known as the Milk Control Board. The new board was composed of B.A. Cooke, chairman and administrator, Dr. William Allen, the man who had recommended milk control, and Reverend D.J. Sykes, a farmer from Swift Current.[54]

On 8 April 1935, shortly after the Milk Control Board had been set up, Cooke announced that the Board's objective was to eliminate waste and duplication in the matter of milk distribution by reducing the number of milk distributors.[55] There is no doubt that this was necessary if a degree of stability was to be introduced into the urban fluid milk markets of Saskatchewan. However, there was a cost involved — a cost in terms of individual freedom in economic decision-making.

In June 1937 a group of Saskatoon businessmen attempted to establish "The Consumers' Dairy, Limited," with the intention of distributing milk and manufacturing butter in Saskatoon. They could not get authority to do so and the Saskatoon Board of Trade complained to Cooke:

> The Board of Trade has been interviewed by the solicitor for this company.

> We are advised that a permit from the Milk Control Board is required under the Milk Control Act. This company, apparently, was refused a permit. It then applied for a license to manufacture butter under the Dairy Products Act, its application being heard by the License Board on January 31, 1939. This license was also refused on the grounds that the plants already operating in Saskatoon furnish enough marketing facilities, that they are able to meet the requirements of the consumers and that sufficient has already been invested in Saskatoon.
>
> Under the law, the men in question are prevented from investing their money in an enterprise which they consider would be profitable. They believe they can compete with the present companies. . . . They plan to put to work several men now unemployed in Saskatoon, would be using property now idle, would be paying taxes and would add to the revenue of the city thereby. They had planned to take over creamery equipment now standing idle. The refusal of the two Boards to issue licenses, they claim, creates an anomalous situation. Of the four plants manufacturing butter in Saskatoon, not one of them, they claim, is owned by Saskatoon residents. The Consumers' Dairy Limited shareholders, officers and prospective employees are all Saskatoon residents of long standing and capital of local origin.
>
> The suggestion has been made that the Legislature be approached to have the legislation covering this matter amended, since it seems to restrict private initiative and tends to create monopolies.[56]

The Dairy Licence Board referred to in this communication was formed by Order-in-Council in 1937 after the *Dairy Products Act* had been amended to provide for a board consisting of three members to which all applications for licenses to operate new creameries, cheese factories, dairies, or ice cream plants were to be referred. The first board, appointed in 1937, was composed of Gordon Loveridge, Grenfell, B.F. Grundeen, Estevan, and Prof. A.E. Potts.[57]

In summer 1938, the Milk Control Board decided to incorporate a quota system as part of its regulatory mechanisms. The quota system was introduced at Moose Jaw and quota regulations came into effect there on 16 October 1938. Each distributor's whole milk requirements were estimated, and each producer who was a patron of a particular distributor was allocated a percentage of the estimated total. All quotas so determined were to be filed with the Milk Control Board and could be changed only with the Board's approval. If a producer fell short of his allotted quota over a period of three consecutive months he would be given a new lower quota based on actual deliveries. That portion of a quota so lost was to be added *pro rata* to the quotas of other producers. In matters of dispute the Board had the final word.[58] The imposition of quota regulations was not general before and during World War II. In the post war years, quotas and formula-pricing were embraced as essential elements in the Milk Board's methods of control.

The Milk Control Board introduced a degree of stability into fluid milk markets that had never before existed. The number of producer-distributors was reduced drastically, price wars no longer disrupted milk distribution, and the costs of distribution were reduced. The Milk Board's activities supported stricter health regulations by local authorities, and facilitated better enforcement of those regulations. There was a cost in terms of individual freedom, but it was generally agreed that the social benefits outweighed the costs.

The Cheese Industry in the 1930s

The number of cheese factories in operation in Saskatchewan reached record levels in the 1930s, as did the output of cheddar cheese. This greater emphasis on cheese production reflects the Saskatchewan farmers' attempts to adjust to depressed conditions, rather than any longer run reallocation of resources. The majority of cheese "factories" were makeshift, many were associated with French settlements, and most were operated by cheesemakers who had gained experience in Québec. Their equipment was not elaborate; indeed, cheese manufacturers moved their equipment from time to time to greener pastures.

Among those engaged in cheese production were Bruno Lemire, Charles Desbiens, R. Lemieux, N. Lemieux, J.M. Guilmette and Omar Demers. Bruno Lemire was engaged in cheese production at Duck Lake (1924), Big River (late 1920s), Bouten (1932) and Mattes (1934). The Lemieux's were cheese producers at Edam (1923), Prud'homme (1924), Park Valley (1937) and Albertville (1944). Bruno Lemire owned cheesemaking equipment and moved his equipment from place to place to manufacture cheese in buildings provided by others. Some cheese factories were co-operatively organized in the sense that local farmers erected a building and were paid for the milk they supplied on the basis of the final market value of the cheese, minus production costs, which included the cheesemaker's wages. When the Mattes community applied for a licence for their cheese factory in 1934 it was explained that, "We do not buy the milk from the farmers, we manufacture cheese and charge them 4¢ a pound of cheese and give the balance to the farmer."

Most cheese factories of the 1930s would have compared to most creameries in the 1890s. J.E. Ridley, dairy inspector, described the Mattes "factory" as follows:

> The main building 21′ x 21′ is of log structure with upstairs topped with a hip roof. The floor in both curing and makerooms is cement, but is roughly finished and lacks sufficient slant to drain. The curing room is insulated with 6″ of saw dust, has a window in north wall and good set of shelves are being fitted.
>
> The lean-to around two sides is not finished, having only one ply of rough lumber with wide cracks between boards, and is not fitted with a floor. In this lean-to the boiler is being erected (the small boiler is the one used by Charles Desbiens at Shell River) and the whey tank which was also used by Desbiens. This tank was also used by Desbiens and was his cheese-vat, it is partially set into the ground and the whey is to run through a pipe underground to a barrel where farmers will dip their supply of whey with a pail.
>
> The cheese vat in make-room is a small one and came from Duck Lake and in my estimation is not in good condition.[39]

The reference to used equipment in Ridley's description of the Mattes operation is important since the use of such equipment reflects not only depressed times but the extremely volatile nature of cheese production — as one cheese factory closed, its equipment was moved to another. Indeed, L.M. Silcox, the cheesemaking instructor first employed in 1927, expressed his concern regarding the transient nature of cheese manufacturers when he wrote:

> It seems to me that the most serious aspect of this transient factory operation, is that such movements to likely locations for a short time are likely to encourage others to attempt something similar. It is quite easy to conceive of

> incompetent Eastern cheesemakers with some worn-out equipment on their hands, looking to Saskatchewan as a place where they could start up in the cheese making business very cheaply by buying up some worn out equipment and turning out a product which would again hold up the factories which are constantly trying to establish a reputation for high and uniform quality in Saskatchewan cheese.[60]

Reed, as dairy commissioner, agreed with Silcox's viewpoint but found it difficult to refuse to licence "cheese factories" when they were providing a very needed source of cash income for farmers.

The greater interest in cheese production in the 1930s was related to the absence of other sources of income and that was illustrated by the reopening of the cheese factory first established by the LeRoy Manufacturers and Mercantile Company in the 1920s. This factory, reopened in 1931, was the focus of a unique solution to the problems of depression and drought. The situation was described as follows:

> In 1928-29-30 the factory was closed down. Wheat was a good price and so was cream at the creameries. Farmers had not the time to haul milk to a cheese factory....
>
> In the spring of 1931 farm labour had become a less valuable commodity and there was a general demand in the district for the re-opening of the cheese factory. Farmers milking cows wanted it and so did the farmers who held the mortgage on the factory.
>
> When it came to the question of buying the milk they doubted if their credit was good. Individually their credit was worth nothing.
>
> G.B. Gregory, one of the directors opposed the idea of borrowing money and suggested a coupon system....
>
> With Nick Dietrich, the president of the association, Mr. Gregory made the round of the local stores and asked if the tradesmen would accept, at par in exchange for their wares, coupons paid to the milk shippers, provided the coupons were made out for not more than 75 percent of the wholesale value of the cheese into which the milk would be made. All the storekeepers were willing, the Chinese general store, the garage man, the blacksmith and some of the implement dealers promised to accept the coupons.
>
> The first payment on the milk was set at 50 cents per 100 pounds....
>
> In 1931, the first year of the coupon system, the association handled 564,874 pounds of milk from 78 producers. An interim dividend of 30 cents was paid in August and a final payment of about 17 cents in December, making a total of 97 cents for each hundred pounds of milk....
>
> This year many more farmers wanted to join the association. A new cheese vat to hold 8,000 pounds of milk was put in at the factory but still some milk had to be refused.
>
> In the season that closed on October 20 1932, 1,162,890 pounds of milk were taken in from 141 shippers to make over 100,000 pounds of cheese. The initial payment by coupon was still 50 cents per 100 pounds but the selling price of cheese was down....
>
> But the coupons were all redeemed and the shippers will get a dividend of about 15 cents, the secretary, E. Bernard, estimates. Eight hauling routes were operated, some of the milk travelling 40 miles to LeRoy. The haulers were paid by coupon.
>
> ... The majority of the coupons are exchanged for groceries at the general store in LeRoy. The storekeeper has paid these coupons to his wholesaler in

> Saskatoon. The wholesale grocers with the coupons bought cheese from the factory....[61]

The arrangement to produce and sell cheese in this manner was undertaken by the LeRoy Milk Producers' Association which made use of the factory built in 1925. Although the reopening of the factory was a means to acquire purchasing power the LeRoy farmers did illustrate that sufficient milk was available to operate a factory and the Saskatoon Dairy Pool purchased the factory in 1936 and operated it until 1949. The factory was closed because of the lack of milk — an indication that more profitable agricultural production and markets had become available.

The manufacture of cheese on a commercial basis was, by the 1940s, associated with the development of the Saskatoon Dairy Pool. The Saskatoon co-operative was organized to deal profitably with the surplus milk problems of the fluid milk trade. By 1931 and 1932 the Pool was producing cheddar cheese and was experimenting with the production of processed cheese which competed with products made by Kraft and Burns.[62] An association of cheese manufacturers did not exist, given the nature of most cheese factories, but the Pool's presence as a manufacturer soon led to the establishment of the Saskatchewan Cheese Manufacturers' Association.

The concept of greater co-operation among cheese factory operators was discussed at a meeting held in conjunction with the 1931 convention of the Saskatchewan Dairy Association. By 1932, the Saskatoon Dairy Pool was producing almost one-half of Saskatchewan's factory cheese. C.T. Gooding, manager of the Dairy Pool, began to assume the role of organizer much as had Caulder for the creamery operators in the 1920s. However, it was not until February 1934 that the Saskatchewan Cheese Manufacturers' Association was officially formed. C.T. Gooding became president with P.E. Reed as secretary.[63]

Two major problems faced the new Association. One, described as "emergency sales," referred to the fact that many cheese factories operated with a minimum margin between cash outlays for milk and cash income from sales. They were sometimes forced to sell cheese at "bargain" prices in order to meet current obligations. The Association members resolved that:

> ... in case of emergency sale of graded cheese be necessary to meet current liabilities at any particular factory, that said factory be requested to notify Mr. C.T. Gooding, President of the Saskatoon Dairy Pool, of same, so that an opportunity may be given to purchase or otherwise dispose of the lot of cheese in question, at current market prices, to avoid unnecessary market depression.[64]

The cheese producers most likely to be forced to sell were not present at the meeting when this resolution was adopted. Gooding's task was, in some respects, more difficult than that Caulder faced in the 1920s when he set up a communications network among creamery operators.

The second problem, Manitoba competition, was more serious and more intractable. P.E. Reed raised this matter when, in autumn 1934, he wrote his counterpart in Manitoba, L.A. Gibson, to ask if there was any possibility of establishing "some sort of inter-provincial understanding whereby prices could be maintained in both provinces at Ontario quotations plus freight."[65] Gibson's reply was not encouraging:

> We have no Cheese Makers' Association in this province. We tried to form

> one last spring but were not successful. Our cheese is practically all made in the French and Mennonite districts and it is very hard to get them together....
>
> The cheese which is going to Saskatchewan must be from some of the dealers in Winnipeg, because I am quite sure our cheese factories are not selling cheese in Saskatchewan.[66]

Gibson left the matter at that, offering to discuss the matter with Reed at some future date.

On 9 August 1937 Silcox informed Reed that the prices received for cheese were depressed and that cheese factories were accepting prices *below* eastern quotations:

> Influx of Manitoba cheese has played no small part in bringing about this situation. There is not much doubt but that the Manitoba factories are accepting prices which may be even less than export prices.... Our factories can do very little or nothing at all about this and I can see little hope for them in the future unless some radical changes are made in the operations of the Cheese Manufacturers' Association in co-operation with Manitoba operators. Even then it would be a hit and miss affair since the wholesalers are organized to take advantage of every market change and most of the factories must make regular sales particularly when their operating capital is limited.[67]

Silcox could see no future for the cheese industry under these marketing conditions.

By 1938, Silcox was convinced that Manitoba had an edge over Saskatchewan in cheese production because Manitoba's cow population was more concentrated, and that Alberta had an edge because of its climate. He gloomily wondered, in a letter dated 1 April that year, "... if he might be very much like the frog or the tadpole or whatever it was that waited for Providence to send a fly." At about this time, Silcox resigned his position as cheese instructor, and accepted a position in Alberta. He was replaced by R.G. Gault.[68]

One of the important contributions that Silcox made to the cheese industry in Saskatchewan was connected with the organization of a "cheesemaker's course" at the University of Saskatchewan. On 13 September 1933 Silcox had written Reed:

> The first inquiry regarding possibility of such a course came from the helper at the Englefeld Cheese Factory.... Interest was further shown by the maker at LeRoy, assistants at Biggar, Albertville and the Saskatoon Dairy Pool....
>
> In the meantime I mentioned the idea to Prof. Graham and he was of the opinion that if a sufficient number could be interested in the course, it might be possible to hold it some time this fall or during the winter....
>
> I believe that such a course would have a very beneficial effect on the provincial cheese industry, particularly in the instance of those factories which are engaging non-certificate holders as makers.... Sanitation would be one of the subjects, which with a good deal of stress should have the desired effect of cleaner factories.[69]

On 6 March 1934 Silcox reported that the cheesemaker's course had been attended by five people.

Some cheese manufactured in Saskatchewan was graded by federal graders by 1930. In July 1932 the cheese factory owners decided to ask the federal authorities to establish a regular cheese grading service in the province. The problem was to have all cheese sold under uniform grade standards. If only a portion was graded, wholesalers would purchase ungraded cheese at lower prices for distribution to retailers in Saskatchewan. The wholesalers argued that if they purchased the graded product they would be unable to dispose of the ungraded. However, several factors were at work to militate against federal grading of the total Saskatchewan cheese output. One was the limited amount produced at each factory. The only reasonable way of grading was to have each factory's output shipped to a central point. Another problem was the lack of adequate storage in centres such as Saskatoon, Regina, and Moose Jaw. Finally, the way cheese was marketed in Saskatchewan gave little incentive to factory owners to have it graded. Silcox informed Reed that:

> The operators of the LeRoy Cheese Factory expressed themselves this week as being against having their output of cheese graded. This change in attitude has taken place since their first lot of cheese was graded in Regina this year. In this lot were thirteen vats, of which three vats were graded down to No. 2 on flavour, and two vats scoring 39 in flavour were no. 2's on openness.
>
> The directors of the factory feel that if this cheese had not been graded they could easily have found a ready market for it. As it is at present they still have the No. 2's on their hands in storage at Regina. Recently they had three boxes of this No. 2 cheese added to a shipment to a wholesaler and notified this company that the three boxes were in the shipment. Apparently no objection was raised by the wholesaler, to paying the same price for all the cheese. The wholesaler also reported to the directors of the factory that no complaints were made by the retailers. On the contrary, the directors were led to believe that the trade was completely satisfied with their product and this, no doubt is an actual fact.[70]

The application of grade standards did not bring satisfactory results in a market in which distributors themselves did not use discretion.

To encourage cheese factories to make use of grading the Saskatchewan Dairy Association instituted the "Saskatchewan Quality Cheese Competition" in 1935. All cheese factories were automatically entered in this competition and no entry fee was required. Prizes were to be based on the percentage of the total production of each factory that was graded number one by federal graders and on the score given by provincial inspectors regarding factory conditions.[71] In spite of such attempts to encourage grading, slow progress was made. R.J. Carleton, federal cheese grader, addressed the Saskatchewan Cheese Manufacturers' Association on 9 May 1940. He urged the Saskatchewan cheese industry to improve the quality of its product:

> In 1939 Saskatchewan had 94.3% of the make graded compared with 52.8% in 1938 an increase of 41.5%. In the percentage of first grade cheese, Saskatchewan had 79.05% compared with 77.05% for 1938, an increase of about 2%. However, the percentage of first grade is much below the average for all of Canada, which is 91.72%. In the percentage of 93 score, in first grade, Saskatchewan had 21.26% this being an increase of 12.46% over 1938. This again is much lower than the percentage for all of Canada which was 53.4% or an increase of 14.79% in 1938.[72]

Table 8.4 shows the output of cheddar cheese in the province from 1918 to 1950.

TABLE 8.4
CHEESE PRODUCTION IN SASKATCHEWAN
1918-1950

Year	Number of Factories Operating	Production Pounds	Percent Increase or Decrease
1918	1	13,573	
1919	1	34,452	161.1 inc.
1920	1	28,367	19.9 dec.
1921	1	22,659	20.1 dec.
1922	1	12,448	45.0 dec.
1923	4	118,920	855.3 inc.
1924	7	165,179	38.8 inc.
1925	10	255,010	54.3 inc.
1926	10	378,176	48.2 inc.
1927	10	269,047	28.8 dec.
1928	6	148,215	44.9 dec.
1929	6	142,024	4.2 dec.
1930	5	140,701	.9 dec.
1931	6	320,305	127.6 inc.
1932	8	541,242	69.0 inc.
1933	11	758,071	40.0 inc.
1934	12	648,359	14.5 dec.
1935	14	584,892	9.8 dec.
1936	13	511,995	12.5 dec.
1937	9	341,821	33.2 dec.
1938	9	419,404	22.7 inc.
1939	9	345,922	17.5 dec.
1940	10	401,549	16.1 inc.
1941	8	396,095	1.4 dec.
1942	9	440,547	11.2 inc.
1943	7	442,922	.1 inc.
1944	9	588,510	32.9 inc.
1945	7	366,243	37.7 dec.
1946	6	373,830	2.0 inc.
1947	6	328,092	12.2 dec.
1948	6	274,628	16.3 dec.
1949	6	387,816	41.2 inc.
1950	6	371,037	4.3 dec.

Source: Saskatchewan, Department of Agriculture, *Annual Report*, 1951, 120.

Cheese production reached a peak in 1926, declined until the depression years, reached an all-time high in 1933, increased slightly due to wartime conditions in the 1940s, and then declined. The peak in 1926 is associated with increasing supplies of fluid milk in Saskatchewan and the consolidation of settlement in more northerly areas. It is interesting that the year of greatest production should be the deepest year of depression. The advocates of diversification should have been pleased with Saskatchewan farmers' reliance upon dairy cows, except for the fact that that reliance was based upon a subsistence level of income that could be tolerated only in the very short run.

Financing the Saskatchewan Dairy Association in the 1930s

The method whereby the Saskatchewan Dairy Association was financed became a controversial issue in the 1930s. It had been established that the Association would be financed by the contributions of creamery owners and by an assessment on the butterfat delivered to creameries by patrons over a one-week period in the summer months. Any farmer who failed to ship cream during the week of the assessment could become a member in good standing upon payment of fifty cents. A fundamental weakness of this method of financing was that it depended upon the co-operation of creamery operators to collect the assessment. Sometimes operators did not assess the levy for fear of losing patrons. Further, the co-operation of Manitoba and Alberta operators was also necessary. Another drawback to this method of financing was that fluid milk shippers were not subject to the assessment. Finally, the Saskatoon Dairy Pool did not agree with this method of funding the Association, and when it began to produce butter, for a time refused to levy the assessment on its members. Indeed, it did not contribute funds to the Association in the early 1930s.

S.C. Burton was elected to the board of directors of the Association in 1933. He tendered his resignation in 1934. He explained:

> ... I have come to the conclusion that by the present method of financing, the burden placed upon this Company is too heavy and unfair and that I had decided I could not continue to pay the heavy cost of the last two years, consequently I tendered you my resignation as a Director and at the same time instructed that we would not continue as a member on the present method of assessment.
>
> I am quite aware that the producers, by resolution, have agreed to contribute their share towards the financing but for the last two years, owing to inability to get the operators to work together no arrangements were made for deductions from the shippers and the whole cost has fallen for the last two years upon the company.... While I recognize that the Association does a very good work on behalf of the Dairy business, I cannot see the benefits are properly divided as far as the cost of operation goes, and unless some more satisfactory and definite arrangements of financing are arranged, whereby all producers of milk make a reasonable contribution and the whole burden not being carried by the manufacturer, on behalf of this Company I am sorry to say we cannot continue as members....
>
> I sincerely hope that some method of financing will be found which will be fair to all, and that this will be satisfactory and enable us to continue our membership, but unless this is done I will have to ask you to consider this letter as my resignation as a Director and an intimation that the Company will not continue in the future.[73]

The co-operation of the creamery operators was not forthcoming in the period of falling prices and intensive competition which characterized the most severe depression years. However, Burton left the door open to his company's continued membership in the Association if the method of financing was made more equitable and he suggested a new method of financing the Association. He argued that creamery operators who did not contribute should not enjoy the benefits of the Association and that fluid milk producers should be made to contribute. E.A. Lewis of Palm Dairies Limited who was president of the Saskatchewan Dairy Association in 1934 agreed with Burton in principle but pointed out:

> ... We feel that the operators of Saskatchewan should be behind the Association 100% and that no operator should secure the benefit of the Association without contributing. However, we do not know at the present time just how this could be accomplished. If we deduct a certain amount from each cream shipper we are going to have a great many complaints and in many cases a lot of adverse criticism. We know the producers suggested

> that deduction be made to help take care of the expenses of the Association but, at the same time, we must remember that only a very small percentage of all the producers were at the meeting and, while this proposition might be entirely satisfactory to them, the other producers might not see it in this way.
>
> We might also point out that, while apparently the operators are standing the full expense of the Association, at the same time, generally speaking, it is not the case. We know that last year we were able to hold the price change off in Central Saskatchewan for a short time which permitted us to secure sufficient funds to pay the Association fees. You might not have been able to do this in all districts. . . .
>
> We also feel that the milk producers should stand a share of this expense and we could undoubtedly make some arrangements to deduct fees from the milk producers, especially around such centres as Moose Jaw, Regina, Saskatoon and Prince Albert but, after having tried the method of deducting from the cream shippers, it was decided by the operators practically unanimously that it was not so expensive and a lot more satisfactory to take care of the Association by attempting to hold off price changes for a certain time to accumulate the dues. . . .[74]

Lewis's letter reveals some of the basic inconsistencies of the dairy industry in Saskatchewan. Farmers, from the beginning of settlement, had been advised to keep dairy cows in order to diversify their farm operations. Except for the few that Lewis referred to in his letter, farmers were half-hearted in their attempts. Thus, the dairy association and its financial viability were of secondary importance to the majority of cream shippers. The burden of financing the association fell to those who realized the direct benefits to be derived from such an organization. Creamery operators tried to shift some of the burden to producers by holding off price increases but this could only be done successfully on a rising market.

Burton, by threatening to withdraw his company's support for the Saskatchewan Dairy Association, brought about changes in policy and attitudes. At a meeting of the Saskatchewan Dairy Association directors, 4 May 1934, a full discussion of fund-raising was held. A scheme was approved whereby 50 percent of the association's budget was to be met by manufacturers and distributors and 50 percent by farm producers. Provision was also made whereby any producer could secure a membership "certificate" by a direct contribution. Only companies or individuals holding paid-up membership "certificates" were to be entitled to vote or to be eligible for prizes in the many dairy competitions sponsored by the association. (No membership fees were required of those entering the ladies', boys', or girls' competitions.) These changes must have satisfied the Saskatoon Dairy Pool for it then expressed a willingness to contribute to the Association.[75]

The result was that Burton did not withdraw the support of the Saskatchewan Co-operative Creameries. The Saskatoon Dairy Pool became a member in good standing. The 1935 dairy convention passed the usual resolution that requested the creamery operators and milk distributors to contribute to the association "pro rata on the basis of butterfat receipts for such number of days as may be sufficient to cover the budget as approved by the directors of the Saskatchewan Dairy Association jointly with the creamery operators or Provincial Dairy Advisory Committee and further that the dairy producers hereby approve of this principle of levy on the proceeds from their butterfat deliveries."

However, it was not always possible for creamery operators to delay an advance in cream prices. When competition for cream was keen not all operators agreed to withhold the advance and, consequently, none did. In 1940, C.B. McKee, president of the Dairy Association, wrote:

> . . . as to my recollection there has been no withholding of an advance for the last two years at least, which means the full burden for maintaining our organization falls on the shoulders of the manufacturers.
>
> Now I have heard no complaint amongst the operators over payment of the assessment that is yearly made, and I am of the opinion that those engaged in the manufacture of butter are willing to continue to meet the levy. However, there is a principle involved and I personally am of the opinion that a more equitable scheme should be devised.[76]

In spite of McKee's reservations the Saskatchewan Dairy Association continued to be funded as described.

The Saskatchewan Dairy Association and the National Dairy Council

When the National Dairy Council was formed in 1918 it was to represent all branches of the industry and all regions in Canada. The formation of this "super-organization" involved two assumptions. It assumed that the interests of creamery operators, milk distributors, dairy farmers, and others in the dairy industry, were sufficiently harmonious to make the organization functional. It also assumed that regional differences were minimal — the well-being of the eastern cheese industry, for instance, could be reconciled with the well-being of the western butter industry. Both of these assumptions proved to be wrong in the depressed conditions of the 1930s.

The proportion of the total Canadian production of butter and cheese exported had declined steadily from the first decade of the present century into the decade of the thirties. This trend away from reliance upon foreign markets brought forth greater pressure to protect prices in the domestic market. The so-called Australian Treaty lowered duties on Australian butter from four cents per pound to one cent per pound and on New Zealand butter from three cents per pound to one cent on 30 October 1925. Canadian exports of butter to the United States declined in response to increases in the American tariff to twelve cents per pound in 1926, and to fourteen cents in 1930. The increased American protection not only reduced Canadian exports of butter to that market but diverted Australian and New Zealand butter to the Canadian market. The Canadian government raised the tariff on New Zealand butter to eight cents per pound in 1930.[77]

The tariff issue of 1930 was one of many events that gradually eroded the confidence of western dairy manufacturers as well as producers in the National Dairy Council. The council had stood for an increased tariff on New Zealand butter but was prepared to accept and in fact, had requested, a tariff of only four cents per pound. O.W. Andreason, president of the Saskatchewan Dairy Association in 1931, stated "that unquestionably the motive behind the request for the lower tariff on butter [than was, in fact, implemented] was the protection of the cheese industry of Eastern Canada."[78] It was feared that if butter was too highly protected, milk would be diverted from cheese production to butter production.

The Patterson Butter Plan, which originated in Australia, was much discussed among Canadian butter producers. Under this plan, the tariff was designed to maintain domestic prices above world prices. Any export surplus likely to develop would place a downward pressure on domestic prices unless some way was found to support the price of the export surplus. The Patterson Plan levied a small fee on all butter produced in order to create a fund out of which to pay a bonus on the amount exported. It was this plan, or a variant of it, that the western butter producers proposed at a Dominion Dairy Conference held in Ottawa in 1932. The amount of butter exported from Canada, as compared to total production, was less than 10 percent. Therefore, the levy would not have been large. The Patterson Plan could not be applied to cheese because the reverse situation existed there.

The first item on the agenda for the 1932 conference stated, "apparently the dairy industry is divided into two competitive zones, the West, composed of the three Prairie Provinces and British Columbia, and the Eastern zone, with consequent unfavourable effects on the dairy industry as a whole."[79] Thus, the conference tried to come to grips with the fact that the West was a butter producer, the East a cheese producer. The western representative at the conference pressed for an export subsidy. The Minister of Trade and Commerce, the Hon. H.H. Stevens stressed the necessity of considering the cheese industry. Canadian cheese sold at premium prices in the British market while Canadian butter was quoted at "unfavourable prices." Stevens did not wish to see cheese markets lost because a subsidy to butter had diverted milk from cheese to butter production.

The 1932 Ottawa conference did not resolve the question of bonusing butter for export. F.A. Davidson, assistant manager of the Saskatchewan Co-operative Creameries, was Saskatchewan's delegate to the conference and he submitted the following report on the proceedings:

> Have just wired that the conference failed hopelessly in solving the export situation. . . it was easily and readily seen right from the beginning that the whole scheme was impossible because of the effect on cheese production. . . . Briefly the conference was a real disappointment, but demonstrated quite clearly that any form of levy and bonus must be arranged by the Western operators among themselves where it does not interfere with the cheese interests. . . . Sorry to have to report such a result, but now know that that was inevitable. Cheese is cheese and butter is butter, but East is still the East and the West is to work out its own salvation.[80]

According to Davidson, only J.A. Caulder of the Dairy Corporation of Canada and W.R. Aird of Eastern Dairies Limited were sympathetic towards the West's butter problems. The organizations which these two men managed operated creameries in the West.

H.B. Cowan, editor of a farm magazine entitled *Farm and Dairy* which was published in Ontario, issued a "call" to dairy farmers across Canada in spring 1933, to hold a "Dominion Conference of dairy farmers" in Ottawa on 19 and 20 April.[81] It soon became evident that the dairy organizations most anxious to respond positively to Cowan's invitation were co-operatives such as the Saskatoon Dairy Pool. Cowan's "call" and the positive response that it received reflected unease with a National Dairy Council dominated, some felt, by manufacturers.

The National Dairy Council had just elected A.C. Fraser as new executive secretary and had announced a reorganization designed to enhance the position of farm producers in its deliberations. Fraser promised that every consideration would be given to producer problems during his term in office. The reorganization of the Council in 1933 delayed, for one year, the organization of dairy farmers on a national scale. Gooding stated he was now willing to support the Council and Cowan said he would back it editorially.[82]

However, both the dairy farmers and the co-operative associations had had a taste of pressure group activity in 1933. The Dominion government had been most sympathetic to the resolutions passed at the conference called by Cowan. In March 1934 the dairy farmers met in convention once again and formed the Canadian Dairy Farmers' Federation. The first annual report of the Federation stated:

> The Canadian Dairy Farmers' Federation is a national organization of, by and for the dairy farmers of Canada. Through its affiliated organizations its foundations are embedded deeply in the dairy industry.
>
> The provincial organizations, which constitute the Canadian Dairy Farmers' Federation have been in the course of development for the past twenty years. They represent every branch of the industry. Commencing with the formation of the Co-operative Fédérée in the Province of Québec in 1913, followed by the Fraser Valley Milk Producers Association in British Columbia, and the United Farmers Co-operative Company, Ltd., in Ontario, year by year, they have grown in number, strength and influence. Each was organized to satisfy a recognized need on the part of thousands of dairy farmers whom they serve. Gradually their sales, knowledge-of-the-industry and power increased. Today, they are the outstanding dairy organizations in the provinces where they operate.
>
> The formation of the Canadian Dairy Farmers' Federation was a natural development from the years of preliminary work by the provincial organizations. . . . The chief significance of the new organization was that it revealed that the co-operative movement had attained a national status. Canadian dairy farmers thereby served notice that they proposed taking an active part in the consideration of national problems affecting their interests.[83]

Co-operative organizations were important to the strength of the dairy farmers. It is significant that the Saskatoon Dairy Pool was the only organization from Saskatchewan to become a chartered member of the Dairy Farmers' Federation. The Saskatchewan Co-operative Creameries Company played no part in its foundation, for it was, of course, in receivership and it was not until after 1939 that attempts began to be made to make it a truly producer-controlled organization. It is significant, too, that unlike other co-operatives, the Saskatchewan company had not been organized "to satisfy a recognized need on the part of thousands of dairy farmers." That had been its fundamental weakness from the beginning.

The Saskatchewan Dairy Association continued to support the National Dairy Council. The Canadian Dairy Farmers' Federation had aligned itself with organizations of a co-operative nature and had among its leaders men whose political outlook was questioned by the more conservative elements in the dairy industry. As Reed wrote to S.C. Burton in a letter dated November 1939:

> The Canadian Dairy Farmers Federation as at present constituted seems to be so positively tied to the idea of co-operation in marketing facilities that it is doubtful whether they would consider broadening or extending their basis of membership so that those producers who either by preference or by force of circumstance patronized private manufacturing institutions could be included in that organization. I believe if this change were effective then nothing would remain for the National Dairy Council but to either fold up

> or else openly and definitely become positively and exclusively a body representative of the manufacturing interests.[84]

Reed clung to the concept that the dairy industry would be better represented by a united front representing all branches of the industry.

Nineteen thirty-nine was an eventful year for the dairy industry in Saskatchewan. C.T. Gooding became president of the Saskatchewan Dairy Association. Robert Barbour, who had been one of the Association's representatives to the National Dairy Council from 1929, retired from its board of directors. Concrete steps began to be taken to place the Saskatchewan Co-operative Creameries Company on a co-operative basis. The time was ripe for the manifestation of the discontent with the National Dairy Council that had been evident within the ranks of the Saskatchewan Dairy Association. The directors announced that they had decided to withhold financial support from the Council unless it provided "the necessary leadership in the dairy industry in Canada."[85] When war broke out in autumn 1939, this decision was modified when a $500 payment to the Council was authorized.[86] However, the Council was informed that Saskatchewan would not continue its support beyond 1940 unless changes were made. In particular, A.C. Fraser had not been the choice of Saskatchewan creamery operators (they had supported a younger man named Collins).

The position taken by the Saskatchewan Dairy Association brought A.C. Fraser to Saskatchewan in 1940. Meetings were arranged in Regina and Saskatoon at which Fraser defended the Council. He denied rumours that the Council was hostile to dairy co-operative organizations and to government marketing boards. He berated the Canadian Dairy Farmers' Federation as an organization that "has never done anything for its members." J.A. Caulder was present at these meetings and, although he supported Fraser, he recognized that one organization could not represent all branches of the industry. "It is like mixing water with oil," he stated and thus anticipated the events of the next eighteen months.[87]

On 3 February 1941 a joint meeting of representatives of the Dairy Breeder's Associations, the Producer Section of the National Dairy Council, the Montreal Whole Milk Producer's Association, and the Ontario Cheese Producer's Association was held in Toronto. At this meeting it was proposed that the Canadian Dairy Farmers' Federation and the Producer Section of the National Dairy Council amalgamate.[88] Thus, the final step was taken in the process of forming dairy organizations, each of which would represent either producers or manufacturers of dairy products exclusively.

The National Dairy Council met in October 1941. On 27 October the Council divided, as was the practice, into separate sessions of producers and manufacturers. It was at this meeting that those representing the producers' organizations that still belonged to the Council, decided to withdraw. After their withdrawal the manufacturers and distributors agreed to reorganize the national body as an organization of manufacturers.[89] As the Saskatoon Dairy Pool was the only organization of Saskatchewan dairymen to belong to the Canadian Dairy Farmers' Federation it now became necessary for the Saskatchewan Dairy Association to adjust to the new national situation.

There is no doubt that influential Saskatchewan dairymen were concerned about the political nature of the Dairy Farmers' Federation, and the Canadian Federation of Agriculture with which it was affiliated.[90] Reed informed V.S. Milburn, secretary-treasurer of the Canadian Dairy Farmers' Federation, that "there is little doubt of the Saskatchewan Dairy Association being ready to give financial as well as moral support to any body which is generally representative of the producers interests across the Dominion." But Reed had qualifications about close ties with the Canadian Federation of Agriculture because, "Whether rightly or wrongly that body is regarded in the minds of many people as directly concerning itself with political action even though it may not originally or intentionally have been constituted for any such purpose."[91] Milburn's response was strongly worded and Reed read it to the Saskatchewan Dairy Association's directors:

> I cannot state too emphatically, for I feel very strongly on this matter, that the Federation of Agriculture is not a political organization, has no desire to be a political organization and will never be a political organization; and cannot succeed in the accomplishment of redress for Agriculture if it becomes a political organization. It can become a pressure group. It can and will influence public opinion... and have an influence on political bodies.
>
> I feel that this whispering campaign needs to be met fairly and frankly and put down.... I would be, as I know all officers of the Federation would be, terribly disappointed if we fail to profit by mistakes of other farm organizations and get ourselves embroiled in politics.[92]

On 23 December 1941, the Saskatchewan Dairy Association was invited to send delegates to the annual meeting of the Canadian Dairy Farmers' Federation to be held in Ottawa, 26 to 28 January 1942.[93] This meeting was called to amend the Federation's constitution and by-laws to accommodate the producer's section of the National Dairy Council. The name of the organization was changed to reflect this broader representation and, perhaps, to dismiss any prejudices that had grown up regarding the Federation. The new dairy producers' organization was called "Dairy Farmers of Canada."

At the annual meeting of the Saskatchewan creamery operators held in April 1942 the budget of the Saskatchewan Dairy Association was presented as it had been for over twenty years. Only now, instead of an item for the National Dairy Council, it included an item of $700 for the Dairy Farmers of Canada. Reed attended the operators' meeting and appealed to them to support both the National Dairy Council and the Dairy Farmers of Canada, the former by the payment of fees as set out by the Council, and the latter by continuing the *pro rata* levy on butterfat receipts. Both C.T. Gooding and J.S. Turnbull spoke in favour of supporting the Dairy Farmers of Canada and the budget, as presented, was approved. The relationship of the Saskatchewan Dairy Association with national organizations was finally settled.[94]

The different interests of the manufacturers and the farm producers were now recognized at the national level. V.S. Milburn levied a criticism regarding the all-inclusive nature of the Saskatchewan Dairy Association which induced Reed to retort:

> It is the opinion of the writer and of others engaged both in the production and manufacturing work, who may be described as our leaders, that the accomplishments of the last fifteen years or even longer period have been possible only because of this close working together and full realization of a community of interest amongst all those in every branch of the industry.[95]

This had been Reed's philosophy from 1919 onwards. And no one was about to disagree with him when, in fact, he was defending western practice in the face of an easterner's criticism. As private creamery companies gradually faded from the dairy scene in Saskatchewan and manufacturing began to be dominated first by two co-operatives and then by one the distinction between the interests of farmer producers and manufacturers became less important.

Conclusion

The depressed conditions of the 1930s necessitated adjustment throughout the entire agricultural industry on the western plains. The magnitude of these adjustments was due, in part, to the over-expansion that had occurred in the decade following World War I. This was especially true of the creamery industry in Saskatchewan. However, the depressed conditions forced farmers to become more reliant upon dairy products as a source of cash income and the creamery industry in Saskatchewan was, by 1940, more efficient than it had ever been in its history. Farmers were forced to cull herds and maintain only the most profitable of their dairy cows. The breakdown of the price system had led to greater government control over the industry, especially with regard to the fluid milk trade. The Saskatchewan Dairy Association survived internal and external stresses and emerged from the depression as an organization that represented all branches of the industry. All in all the dairy industry in Saskatchewan was well prepared to meet the changes that World War II brought.

NINE

CONSOLIDATION

Introduction

The over-expansion of the Saskatchewan Co-operative Creameries Company in the 1920s brought to an end the schemes and dreams of those who had hoped it would be the harbinger of diversified farming. Retrenchment and depression had made the co-operative, under S.C. Burton's capable management, a profitable company. In the meantime, the Saskatoon Dairy Pool had expanded. The Pool's expansion coincided with, and was partly responsible for, attempts by the government to take the co-operative company out of receivership and to place it in the hands of dairy producers for the first time in its history.

Western Canadian agriculture was required to make major adjustments during World War II. Wartime conditions contributed to unprecedented increases in the output of creamery butter and enabled the government to divest itself of the creameries company with relative ease. But the problem of reconciling the interests of two dairy industry co-operatives remained unresolved except for provisions for co-operation among co-operators.

Technological change and a return to peacetime markets led to the consolidation of dairy facilities in the province. Cheese production virtually disappeared by the 1960s. Dominion government policies designed to support the dairy industry resulted in the formation of the Canadian Dairy Commission. The Saskatchewan Co-operative Creamery Association and the Saskatoon Dairy Pool amalgamated to form Dairy Producers Co-operative Limited, and Wilson's dream of a virtual co-operative monopoly finally became a reality. But co-operative monopoly in Saskatchewan's dairy industry is related to specialization, not diversification, at the individual farm unit. The farmer rejected the "contented peasant" image that had directed dairy policy in the early days of settlement and even into the 1920s. Today the dairy farmer, like the wheat farmer, is highly capitalized and highly specialized.

The Re-organization of the Creamery Industry — 1938 to 1950

By 1938, although it was now obvious that the government would never recover all the monies it had poured into the Saskatchewan Co-operative Creameries, it became desirable to take the co-operative out of receivership and somehow to make it a producer-owned and controlled company. Table 9.1 indicates the amount the company owed to the government on 30 September 1938. The government was immediately confronted with the problem of reconciling the interests of the Saskatchewan Co-operative Creameries with those of the expanding Saskatoon Dairy Pool.[1]

TABLE 9.1

STATEMENT OF INDEBTEDNESS OF SASKATCHEWAN CO-OPERATIVE CREAMERIES LIMITED TO GOVERNMENT TO 30 SEPTEMBER 1938

Mortgage ($900,000.00)				
Principal		777,277.28		
Interest		24,479.67		801,756.95
7% First Mtge. Bonds 2 July 1944				
Principal		159,200.00		
Interest		51,102.74		210,302.74
Principal Portion of Guarantees to Bank of Montreal Implemented				
CAPITAL ACCOUNT				
Principal	1,344,997.27			
Less repayments	29,700.00			
	1,315,297.27			
Interest	331,801.30	1,647,098.57		
DEFERRED CHARGES ACCOUNT				
Principal	50,000.00			
Interest	14,710.96	64,710.96	1,711,809.53	
Interest Implemented on Guarantees to Bank of Montreal				
Deferred Charges — 1932-33		34,211.14		
Deferred Charges — 1933-34		15,957.46		
		50,168.60		
Interest		13,797.80	63,966.40	1,775,775.93
Government Redeemable Shares				355,083.35
Amalgamation Shares Series "A"		(Cost $55,000.00)		58,430.00
				3,201,343.97

Source: *Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Saskatchewan Co-operative Creameries, 1917-1944, Attorney-General, 1938-1939.*

The Saskatoon Dairy Pool was launched upon a policy of expansion with the conviction that it was the only genuine co-operative dairy enterprise in the province. There was substance to this conviction. From the time of its inception, the Pool had raised money capital by deductions made from the receipts due to members in payment for milk shipped to the Pool. These deductions were credited to the individual milk shippers from whom they had been obtained. Eventually, it was possible to repay these on the basis of what is known in co-operative literature as the "revolving door plan." Once the "door had begun to revolve" the Pool continued to deduct a percentage on current milk and cream shipments and to pay an annual cash refund to member patrons on the basis of deductions made in earlier years in order of rotation. For milk shippers the door began to revolve in 1936 and for cream shippers it began to revolve in 1940. When a dairyman shipped to the Pool he automatically became an associate member of the organization. In order to become a participating member he was required to pay a membership fee of three dollars. Earnings credited to associate members were held for a six-year period and transferred to the general funds of the co-operative if the patron failed to pay the membership fee.[2]

Another co-operative feature of the Saskatoon Dairy Pool was the provision that every director was to be an active producer of dairy products and an active member of the Pool. Directors were elected at an annual meeting for a one-year term, and none, except the president and secretary-treasurer, was to hold a salaried position.[3] The Saskatoon organization could not be ignored in any attempt to reorganize the Saskatchewan Co-operative Creameries Company on a co-operative basis.

Potential conflict between the pool and the co-operative company loomed, not only in butter, milk and cheese, but also in other products. From the earliest days of creamery development, it had been recognized that creamery butter production and storage complemented the egg and poultry industry, especially in view of the seasonal nature of production. The Saskatchewan Co-operative Creameries Company had handled poultry and eggs through its facilities from 1917 to 1927. Shortly after the amalgamation with Caulder's Creameries, in March 1927, it was announced that the company's entire egg and poultry facilities were to be turned over to the egg and poultry pools which had been formed in 1926. The Saskatchewan Co-operative Creameries Company ceased to buy eggs and poultry and became an assembling agent for the pools.[4] This transfer of the egg and poultry business was made on the understanding that a greater use would be made of the creamery company's cold storage facilities. The increase in revenues from cold storage rentals did not remove the losses experienced in this branch of the company's business and, in 1932, after the management of the company had been given to Burton, the decision was made to re-enter the produce field. In 1938, Burton assigned W.W. Brown, who had been manager of the company's Yorkton branch, to head a produce department permanently and to expand its activities.[5] This move coincided with the Dairy Pool's greater involvement in egg and poultry marketing.

On 1 July 1938, the Saskatchewan Poultry Pool and the Saskatoon Dairy Pool co-ordinated their activities. The head office of the Poultry Pool was moved to the Dairy Pool's headquarters and C.T. Gooding became general manager of both. Mrs. W. Morrison, president of the poultry pool, said that the purpose of the reorganization "was to effect greater economies and to facilitate the giving of service to the producers." Gooding saw the move as "a logical solution to the problem of providing farmers with a year round service and as concrete evidence of the trend toward co-ordinating co-operative activity." The Poultry Pool had a membership of between ten thousand and fifteen thousand producers, nine key shipping stations and ten feeder station at this time.[6] Obviously, the Saskatoon Dairy Pool and the Saskatchewan Co-operative Creameries were on a collision course in more than the area of butter production. By spring 1938 it was recognized that both from the political and economic points of view, reorganization of the Saskatchewan Co-operative Creameries Company could no longer be delayed.

Two developments spurred the government to reorganize the company. One was the offer, by C.T. Gooding of the Saskatoon Dairy Pool, to purchase it from the government. The other was the possibility that the Saskatchewan Wheat Pool would acquire it.[7] At the 1937 session of the legislature an act had been passed that enabled the Wheat Pool to use its reserves to assist other co-operatives in the province.[8] The possibility existed, therefore, that the creamery company would become a subsidiary of the Wheat Pool. Both of these possibilities had drawbacks. Although the Dairy Pool had assets valued at $250,000 none of these assets was liquid, and the government was not prepared to sell the co-operative company unless a substantial cash payment gave the purchaser an equity in it. The prospect of a purchase by the Wheat Pool was not popular. Leaders of the co-operative movement in Saskatchewan were not enthusiastic and Burton, for one, feared the Wheat Pool would establish more creameries in the province.[9] But Gooding insisted that further expansion of the Dairy Pool could no longer be restrained by the uncertainty surrounding the future of the Saskatchewan Co-operative Creameries Company.

The main objective of government policy was to turn the co-operative creameries' assets over to the province's producers, but not at the risk of another financial disaster. To this end, T.C. Davis, Saskatchewan Attorney-General, proposed the establishment of a new corporate entity which would acquire the assets of the old, and in which the Saskatoon Dairy Pool would become a major shareholder. The government would hold, by way of a mortgage or by control through the ownership of shares, security based on the assets of both the Saskatoon pool and the creamery company. The new corporation, over time, would pay its indebtedness to the government and it would then belong to the patrons.[10]

The Board of Directors of the Saskatoon Dairy Pool rejected this proposal on several grounds. First, they argued that such a plan would "swallow" the Dairy Pool in what would be in effect "a Government owned and controlled creamery." They were not prepared to lose the identity of their own organization. Second, they contended that a new corporation would have no standing with dairy producers and would have to commence anew to gain their confidence. The Dairy Pool, it was said, had a loyal membership that it was not about to discard.[11]

The rejection of the government's proposal by the Saskatoon Dairy Pool was made in conjunction with a counterproposal. The Dairy Pool proposal took the form of a lease-option on the physical assets of the Saskatchewan Co-operative Creameries. It was proposed that the Dairy Pool rent the premises of the older creamery company for four and three-quarter years commencing 31 May 1938 at an annual rental of $75,000. The government would continue to pay land taxes and insurance charges. The Dairy Pool would operate the plants of the co-operative and, out of surplus earnings, would pay the rent and establish a special trust account until the option to buy was taken up, or until the lease expired. The affairs of the co-operative under the lease were to be in the hands of the Board of Directors of the Dairy Pool, subject to the retention of S.C. Burton and other responsible officials of the co-operative creameries, until such time as the agreement was declared to be working successfully. An Advisory Committee, composed of an equal number of government and Dairy Pool representatives, was to be appointed to safeguard the co-operative company's assets and the interests of the government. The option price, excluding the Regina head office building, was to be $1 million, and the rent paid over the period of the lease was to be applied on the purchase price. If and when the option was taken up, $300,000 was to be paid in cash and the balance was to be payable over a ten-year period. If the Pool failed to act on its option to buy, 90 percent of the amount of the special trust account was to be paid to the government, with the remainder reverting to the Dairy Pool.[12]

There was no doubt the government would reject the Dairy Pool's proposal. T.C. Davis expressed his view by stating:

> . . . the people of the Province of Saskatchewan have invested in this asset the sum of over $3,000,000.00, all of which is still due and owing to the public, or to the bank, either in the way of the bond issue. . . or absorbed and standing as part of the Provincial debt, or in the shape of treasury bills owing to the Banks . . . .
>
> To be frank with you, I feel that this is too much of a one-sided proposition, because, without a cent of investment, we are handing over the fixed assets of the Co-operative to the Pool, without any financial obligation on the part of the Pool, and merely permitting the Pool to use the assets to try and pay the Government for them, out of the earnings of the assets . . . .
>
> . . . I do not see how we could possibly justify a deal of this kind to the people of this Province, who are interested in these assets, and whose custodians we are.[13]

Davis then outlined a proposal for action. The government was to have the entire assets of the co-operative appraised. Legislation would enable the government to acquire these assets. A rate of interest on the government's investment would be set. A depreciation reserve would be established, and all surplus earnings would be credited to the producers who patronized the co-operative. The earnings would be used to pay the government the amount calculated by the appraisal and, when paid for, the assets would be turned over to the producer patrons. In the meantime, Davis recommended that a committee, composed of Dairy Pool and co-operative creameries representatives, be set up to co-ordinate the activities of the two concerns, to eliminate competition, and to prepare the way for amalgamation when the producer patrons had paid for at least one-half of the assets in the co-operative company.[14]

Legislation which embodied Davis' proposals was assented to on 1 April 1939.[15] The Saskatchewan Co-operative Creameries Company was dissolved and its assets transferred to and vested in a board to be known as the Saskatchewan Co-operative Creamery Association, Limited, which had been created by the new act. The board was to consist of from one to five members appointed by the Lieutenant-Governor-in-Council. It was given authority to deal in all types of business previously approved for the Saskatchewan Co-operative Creameries Company. All monies received by the new board were to be used first to pay the expenses of operating the facilities of the company. In each fiscal year a sum was to be allowed for depreciation that was not to exceed 6 percent of the value of the company's real and personal property. After depreciation and operating expenses had been paid, the board was then to pay interest at the rate of 4 percent per year on the sum of $1,757,332.11. This figure was the value, including goodwill, of the company's assets as of 1 April 1939 as determined by an appraisal made in 1938. Earnings surplus to the operating expenses, depreciation allowances, and interest on the debt to the government, were to be allocated to a "Special Reserve Account" and a "Producers' Deduction Account." The latter account was to be built upon deductions made from and credited to patrons on the basis of milk and cream supplied. These conditions were to apply until the government was satisfied that the association could repay, with interest, the sum of $1,757,332.11. If the government was satisfied in this respect the amounts in the "Special Reserve Account" and in the "Producers' Deduction Account" were to be paid to the Provincial Treasurer to repay the interest and principal owing to the government. If, after two years of operation under the board established by the 1939 legislation, it was clear that the company's earnings would not be sufficient to repay the amount specified, then the amount in the Special Reserve Account was to be paid to the Provincial Treasurer, and the amount in the Producers' Deduction Account was to be paid to the persons from whom the deductions were made.

The legislation of 1939 gave the government the power to pay the Executors and Administrators Trust Company, on behalf of the bondholders of the Saskatchewan Co-operative Creameries Company (originally they were bondholders in Caulder's Creameries, Limited), the amount outstanding on their share of the sum of $1,757,332.11, plus interest accrued, or such lesser amount as could be agreed upon. In accordance with the agreement then in existence between the government and the bondholders, the latter's share would be 22 percent. Accordingly, one of the first steps the government took, after the act creating the new association came into force, was to eliminate the interest of the private bondholders. Twenty-two percent of the net value of the company as established by the act, $1,757,332.11, equalled $386,613.06. But the government owned as of 31 March 1939, $157,252.94 of this latter amount. Therefore, the bonds in the hands of the public were worth, on this basis, $229,360.12. Negotiations between representatives of the bondholders, the company, and the government ended in the former accepting $214,000 as payment in full for all claims held by the private bondholders. On 30 June 1939 the newly formed association paid the trustees for the bondholders the stated amount out of the working capital of the company which, before the payment, amounted to $447,011.26.[16]

The act also provided for a board of from one to five members to function as the company's management. The board chosen consisted of three members, S.C. Burton and J.S. Turnbull, of the co-operative, and C.T. Gooding. This board was authorized to apply for registration under the *Co-operative Marketing Associations Act* and to sell or lease any of its properties to other registered co-operatives. Davis explained the absence of any farm producers on the board by stating that the smaller body of actual executives was wisest in the transition stage of re-organization.[17]

The decision to exclude producer representation on the Board of the Saskatchewan Co-operative Creamery Association may have been related to the attitude of dairy producers in the Regina and Moose Jaw districts. When the Joint Committee representing the government and the Saskatoon Dairy Pool met on 16 May 1938, Burton indicated that any plan of deductions, such as the one used by the Dairy Pool, might run into objections from the producers. He stated that Grosch, chairman of the Local Government Board, had suggested re-organization and ownership by the producers on the basis of deductions when the Saskatchewan Co-operative Creameries went into receivership. It had been found, he said, that the attitude of producers around Moose Jaw and Regina in 1932 and 1933 had been unfavourable to such a proposal. These producers felt that they had to get all they could out of the dairy products which they sold, and their previous experience with co-operative organizations had not been a happy one.[18] The Regina Dairy Pool, it will be remembered, ended in failure.

The attitude of producers in the Regina and Moose Jaw area had not changed in the intervening years. R.H. Jones, Moose Jaw, president of the Dairy Association for 1939, wrote to P.E. Reed, the Dairy Commissioner, expressing his concerns:

> A lot of rumours flying around now about what is apt to happen to the Co-operative Creameries .... There are rumours that Gooding may get it. It will finish things here if he does. I can't see why the producers can't take it and carry on as it is, and let the Government continue to control and manage it. We will have to pay for it anyway, but if we were allowed to get control, a bunch of damn fools would likely get control and put it on the rocks.[19]

Others expressed similar opinions. Gordon Loveridge of Grenfell commented that if the management of the co-operative company came under the Dairy Pool the "producers around Regina would not be prepared to be bluffed and bamboozelled and kept in ignorance as many have at Saskatoon." P.E. Reed replied to Loveridge, "I am absolutely in agreement with the attitude you have taken." In fact, Reed argued that if Gooding's organization was to have representation on the co-operative's board, then in all fairness the reverse should be true also.,[20] The government ignored his advice.

The main task confronting the three-man board was to find ways and means of converting the creamery company into a producer-owned and controlled co-operative. This was not an easy assignment, given the desire of the Dairy Pool at Saskatoon to maintain its own identity, the apprehensions of Regina and Moose Jaw district milk shippers regarding a system of deductions as had been applied in the Dairy Pool, and the large indebtedness of the creamery company to the government. Again there was the question of how the Poultry Pool could fit into any comprehensive co-operative plan.

The board's meetings in the fall of 1939 revealed a gulf between Gooding, as representative of the Dairy Pool, and the representatives of the association. Burton and Turnbull talked in terms of amalgamating the two dairy concerns; Gooding talked in terms of territorial division between the activities of the two. Gooding explained, "the Dairy Pool consider themselves the first truly Dairy Co-operative in the field .... they take considerable pride in their accomplishment, which had taken a number of years and much hard work, and they viewed with alarm the possible encroachment in this field by the new organization more or less set up by the Government." Burton was certain that it was not in the best interests of dairy producers to have two co-operatives, each going its own way, but that if amalgamation was impossible, a division of territory between the two would be the only alternative.[21]

In April 1940, the board gave approval to recommendations regarding the future of the Creamery Association. The association was to be made a true co-operative by embracing, in principle, the constitution and by-laws of the Dairy Pool. This was to be done without delay. The Pool had curtailed expansion for two years, awaiting the outcome of attempts to re-organize the creamery company. Provision was made for future amalgamation but only after 50 percent or more of the amount owing to the government had been paid by the association's patrons. In the interval, a four-man council was to be formed to harmonize the activities of the two concerns.[22]

These proposals were presented to the government on 1 June 1940, but the government did not act on them until 1941. The delay had repercussions. R.W. Heim of the Prince Albert Company was prepared to sell his company which, by this time, included branches at Parkside, Speers, Debden and Rosthern. S.C. Burton advised Heim that he could not negotiate until after the board's recommendations had been acted upon by the government. Gooding, on the other hand, had advised the government that, unless a decision was made before November 1940, the Dairy Pool would withdraw from any commitment to delay expansion. The government did not act, Gooding did. By the end of 1940 the Pool had purchased the Prince Albert Creamery Company. Burton and Turnbull considered this to be a breach of faith.[23] Amalgamation was now out of the question.

Premier W.J. Patterson finally replied to the board's recommendations of June 1940 on 11 January 1941. He stated that the government was willing to accept the sum of $1,125,000 payable in fifteen annual instalments of $75,000 for the creamery company's assets exclusive of its head office building in Regina and the government was willing to take over this latter asset. Negotiations led to an agreement whereby the government accepted payments of $16,500 for twenty years and, on 5 March 1941, Taggart, the Minister of Agriculture, requested Burton to proceed with the necessary steps to formalize plans for legislation necessary to turn the association over to the producers as a co-operative.[24]

An act to amend the *Saskatchewan Co-operative Creamery Association Act* was given assent on 8 April 1941.[25] The amending act ratified the purchase agreement and transferred ownership of the association's head office to the government. It made provision for producer representation on the association's board and increased its possible size from five to nine. It also gave the association the right to enter into agreements with other co-operative marketing associations — a provision that indicated amalgamation with the Saskatoon Dairy Pool was still thought desirable. More important for the immediate future, the act provided for the election of a new board of directors in accordance with the provisions of the *Co-operative Marketing Association Act* when 50 percent of the purchase price had been paid.

Gooding was less than enthusiastic about the consequences of the government's actions. He expressed fear that "fierce and open competition may result from the entry of this new Co-operative which will affect both the Poultry Pool and the Dairy Pool." He urged that steps be taken to ensure harmony among the co-operative organizations. Taggart agreed that an agreement was needed and a co-ordinating committee made up of Burton and Turnbull for the association, and Gooding and H.H. Summerfeld for the Pool, was charged with this task.[26]

By autumn 1941, five installments on the debt to the government had been paid and the earnings of the association were such that five more could be paid in the near future. Accordingly, Taggart informed Turnbull, who had replaced an ailing Burton as general manager of the creamery company in September 1941, that he had consulted with several farm producers regarding a position on a new board of directors.[27] However, before the association could be turned over to the producers as a co-operative organization, it had to be registered under the *Co-operative Marketing Association Act*. This was not done until August, 1943.[28]

In the interval between autumn 1941 and autumn 1943 the Dairy Pool voiced objections to the association's registration as a co-operative unless a transfer of properties took place between the Pool and the association. In particular, the Dairy Pool wished to have a clear field in Saskatoon and, more generally, in the milk sheds of Prince Albert, North Battleford and Saskatoon. In making one last effort to bring about a transfer, the Dairy Pool outlined its position clearly:

> It is true that in viewing the situation as we do, it is necessary for the Government owned creameries to make a slight alteration in the structure of the creameries before placing the organization in the hands of the producers, and to repeat the request which we have made on so many occasions, is that competition be eliminated between the two organizations, and in order to bring about that desired result, all we ask is that the butter department of the Saskatoon unit of the Saskatchewan Co-operative Creamery Association be turned over to us so that the patrons that were supporting that unit, would be members of our organization rather than a new one, and we, of course, would be entirely responsible for the payment to the Government for that particular department of the Saskatoon unit. The fluid milk, ice cream and cold storage departments may well remain as they are as no competition exists between us, and we are quite prepared to maintain the status quo. The principle can be applied to Shellbrook and Kamsack in that it is quite obvious Shellbrook is in our territory and very competitive with our own creameries at Prince Albert and Parkside, whereas Kamsack is equally competitive to many of the creameries now owned by the Saskatchewan Co-operative Creamery Association.[29]

Turnbull referred to the Dairy Pool's purchase of the Prince Albert Creamery Company as having voided any agreement that may have existed regarding a transfer of territory and that no transfer could now take place without producer approval.[30]

The government proceeded, through legal channels, to have the association registered as a co-operative and, in this endeavour, it received support from the Saskatchewan Co-operative Conference. At Conference meetings on 8 and 9 April 1943 a resolution was passed, which stated, "this Conference reiterate their proposal that the transfer of the Creameries [to producers] be consumated as soon as all legal requirements can be complied with and working capital can be provided without impairment of the liquid position."[31] On 31 August 1943, by Order-in-Council, the Saskatchewan Co-operative Creameries Association was registered under the *Co-operative Marketing Associations Act*. A new board had already been appointed. It consisted of J.S. Turnbull, the association's general manager, S.M. Leigh, treasurer, credit manager and chief accountant, and the following producers: B.H. Thomson, Moose Jaw; W.R. Mair, Prince; J.B. Clarke, Naisberry; W.S. Matthews, Duff; Gordon Loveridge, Grenfell, and Archie Freestone, Stonehenge.[32]

Meetings of the Coordinating Committee continued. The perennial problems of territorial division, the Poultry Pool and competition in Saskatoon were discussed. Now that the association's board included farmer producers solutions were more, not less, difficult to find. The board was provisional in that it was appointed by the government and not elected by producers. Among its members were men who had previously expressed reservations regarding the Saskatoon Dairy Pool. Loveridge, for example, declared that, "Saskatoon was sufficiently large to support the two present co-operative organizations . . . ." Indeed, when the Co-ordinating Committee recommended that the association cease to manufacture butter in Saskatoon and exchange its Shellbrook and Kerrobert plants for the Dairy Pool's plant at Kamsack, the association's board responded:

> We wish to record our point of view as being that the most desirable approach to this matter involves the establishment of competition, between the two Associations, on a rational economic basis until both Associations are owned outright, and being managed by Producer elected boards, when the Producers, through their duly elected representatives, may make proper disposition of the matter should they see fit to disagree with the recommendations of this Provisional Board.[33]

Failure to reach agreement on the division of territory ended negotiations. The annual meeting of the Saskatoon Dairy Pool, held on 22 June 1944, passed a resolution urging that "the theory of centralization of all pools into one large pool be opposed by the incoming board of directors." The meeting rejected an amendment which asked the incoming board to work "toward ultimate amalgamation of this organization and the Co-op Creameries."[34]

In his presidential address to the Pool's annual meeting in 1944, Gooding stated:

> It is a law as irresistable as the law of gravitation that the more centralization we have, the narrower become the bounds in which the individual can move.
>
> The producer co-operatives were started in this country to combat these monopolies and to place control of production and marketing back in the hands of the people to whom it belonged.
>
> But even within the co-operatives in the past few years we have seen signs of the same trend — worship of size and a tendency to ignore the basis of co-operative philosophy which is control by the members whom the co-operative serves . . . .[35]

The Saskatoon Dairy Pool continued its separate existence until technology and government policy rendered as necessity the centralization Gooding deplored.

Wartime market conditions resulted in unprecedented operating profits for the Saskatchewan Co-operative Creamery Association. The year ending 28 February 1943 showed operating profits approaching $500,000. Such profit levels continued throughout 1944, 1945, and 1946. It was obvious that the association's obligations to the government could be paid much sooner than originally expected, and the appointed board of directors took steps to arrange for an elected board and to bring patrons into a "Revolving Door" plan. Records had been kept of each patron's deliveries to the association from 1 April 1939, and preparations were made to distribute surplus earnings on a patronage basis.

Meetings were held at various points in Saskatchewan in the autumn of

1945 at which member patrons of the association elected delegates to the first annual meeting, to be held in March 1946. These delegates elected a board of directors. Gordon Loveridge was named president. The first act of the first elected board of the association was to authorize payment in full of the association's debt to the government.[36]

Under the terms of the by-laws adopted in 1946, membership in the company was divided into two classes — participating members (i.e., members who paid the membership fee of three dollars through a cash payment or by deductions from the price of products marketed with the company) and associate members who, like participating members, had the right to participate in the surplus earnings of the association but who were not given the right to vote because their membership fees had not been paid. The association was divided into five departments — milk, cream, egg, poultry and hatchery — to facilitate the distribution of earnings, but each department was not to be entitled to separate representation on the board of directors. The patron members of each department were to have an equity in each department based on their patronage of that department. Each department's equity in the association was to be based on the ratio of surplus earnings in each department to the total earnings of all departments.

The directors were given exclusive authority to determine the allocation of earnings and were also given the right to deduct from the members such sums as they felt advisable. Earnings were to be credited to the members in proportion to patronage, but the directors could divide such earnings into one of two reserves to be known as the "Revolving Payment Reserve" and the "Capital Reserve." After operating expenses had been paid, the surplus could be paid to the members on the revolving door plan. After 1946, a member could withdraw funds credited to him in the "Capital Reserve" account, up to 10 percent of the amount credited.

The directors were also given the power to divide the province into ten zones at their own discretion, and each of these zones was to be divided into six sub-districts. Directors were to decide in which zone a member could vote and when meetings would be called, but at least one meeting of the members in each district was to be held each year. Each sub-district was to be represented by one delegate, elected by a majority vote, to hold office for two years. Retiring directors were eligible for re-election. The delegates of each district or zone were to elect from their members an association director who would represent their zone. Directors were subject to recall. A general meeting of all delegates was to be held once every calendar year at which each delegate was to have only one vote, and voting by proxy was prohibited. The directors were to appoint from their number a president, a vice-president, and they were also to appoint the general manager, to whom they could transfer some of their powers. An executive committee composed of the president, vice-president, one director, and the general manager were to carry out duties authorized by the board of directors.[37]

At long last the Saskatchewan Co-operative Creameries Company was co-operative in structure and objectives. However, the company's directors had a great amount of power. This reflects the advice and experience of men such as C.T. Gooding. The fact that the new co-operative opted for a greater degree of centralization while its rival co-operative, the Dairy Pool, favoured decentralization is easily understood when the historical background of each is considered.

By 1946, the province's producers had paid for thirty-one creamery plants, thirty-one egg and dressed poultry plants, sixty-two registered egg stations, twenty ice cream distributing plants, twelve poultry dressing plants, twelve retail and wholesale milk distributing plants, seven cold storage plants, and six ice cream manufacturing plants. The company was finally a paying concern, devoid of government financing. But now it was fully realized that W.A. Wilson's dream of a dairy industry in Saskatchewan, rivalling the wheat industry in importance, was never to become reality.

The Consolidation of Creameries in Saskatchewan[38]

From the earliest days of settlement and the times of William Watson and Senator Perley, there had been debate over the number and size of creameries required to service Saskatchewan's dairy industry adequately. By 1906, W.A. Wilson could announce the acceptance of a government policy of "judicious centralization." There is little doubt that this policy carried with it a prejudice against those creameries that were not under government supervision and that it led to the formation of the Saskatchewan Co-operative Creameries Company in 1917. The evidence supports the contention that Wilson had a co-operative monopoly in mind in 1917. Fifty-five years later, a co-operative monopoly did emerge in Saskatchewan's creamery industry.

The amalgamation of Caulder's Creameries Limited with the Saskatchewan Co-operative Creameries Company in 1927 was designed, among other reasons, to block the entry into Saskatchewan of large corporate dairy firms. At the time of the amalgamation, Caulder's Creameries operated twenty-one creameries and the co-operative company operated twenty-eight. The amalgamation eliminated duplication at Regina, Saskatoon, Weyburn, and Moose Jaw and brought about the closure of two creameries at Indian Head and of creameries at Bruno and Conquest. By 1 May 1928, the Saskatchewan Co-operative Creameries Company operated forty-two creameries, as a new branch had been opened at Imperial in 1927. Table 9.2 lists the branch creameries of the Saskatchewan Co-operative Creameries Company as on 1 May 1928.

TABLE 9.2
CREAMERIES OPERATED BY THE SASKATCHEWAN CO-OPERATIVE
CREAMERIES COMPANY, 1 MAY 1928

Assiniboia
Birch Hills
Broadview
Bulyea
Carlyle
Carnduff
Cudworth
Empress
Gravelbourg
Humboldt
Imperial
Invermay
Kelliher
Kerrobert
Langenburg
Lanigan
Lloydminster
Maple Creek
Melfort
Melville
Moose Jaw
Moosomin
North Battleford
Outlook
Oxbow
Preeceville
Radville
Regina
Saskatoon
Shaunavon
Shellbrook
Swift Current
Tantallon
Tisdale
Unity
Wadena
Watson
Wawota
Weyburn
Wilkie
Wolseley
Yorkton

Source: Saskatchewan, Department of Agriculture, Annual Report, *1928, 286.*

In the years following 1928 the number of creameries operated by the co-operative gradually diminished. The creameries at Birch Hills, Gravelbourg, Invermay, and Radville closed before 1928 was out. A new creamery at Foam Lake was opened. Although the co-operative opened creameries at Sturgis in

1929 and at Fairlight in 1930, these were closed by 1932 along with the creameries at Watson, Wawota, Broadview, Carnduff, Foam Lake, Kelliher, Lanigan, Shaunavon, Wilkie, Wolseley, and Unity. The creamery at Tantallon was destroyed by fire and was not rebuilt. Broadview was reopened in 1936.

World War II created a demand for Saskatchewan butter that led to renewed expansion by the co-operative company. In 1941 creameries at Nipawin, Norquay, and Weyburn were acquired. The Nipawin creamery had been established by Noel C. Beckett in 1939. The Norquay creamery had a long history. First opened in 1918 by J.W. Fotheringham, this creamery had been sold to a Regina-based company, Purity Dairy Limited, in 1928. In 1930, Purity sold it to Walter Ives, who manufactured butter until the creamery was purchased by the co-operative. The Weyburn facility was acquired from George Carter who had operated in Weyburn from 1927 until his company, Standard Dairy Products, became part of the co-operative network. The co-operative company operated in Weyburn as Standard Dairy Products until 1944, when all of its business there was conducted under the name of the Saskatchewan Co-operative Creamery Association.

On 1 March 1945, the Saskatchewan Co-operative Creamery Association purchased five dairy plants which had been operated by Palm Dairies, Limited. This was an important step toward the consolidation of Saskatchewan creameries and an explanation of Palm Dairies' presence in Saskatchewan is required.

P. Burns and Company had entered the creamery business in Saskatchewan in Moose Jaw in 1918, and further expansion took place in 1919 with the establishment of plants in Saskatoon and Prince Albert; in 1921 P. Burns and Company moved into Regina. Although the Moose Jaw facility was sold to Western Creameries, Limited in 1924, P. Burns and Company opened creameries at Macklin in 1923, Macrorie in 1925, and Kelvington in 1926. William Leisen had opened a creamery at Mervin in 1919. He expanded his operation under the company name of Northland Creameries when creameries were constructed at St. Walburg in 1920 and Maidstone in 1923. P. Burns and Company purchased Northland Creameries Company in 1927. The plant at Maidstone was closed by its new owners and in the same year, 1927, P. Burns and Company opened new creameries at Balcarres, Nokomis, Sheho, Medstead, and North Battleford. The following year a new creamery at Foam Lake was built by the Alberta based company but the Macklin creamery was destroyed by fire and the Balcarres facility closed. In 1928 P. Burns and Company was sold to Dominion Securities, Limited. The new owners formed Burns and Company to handle meat packing, and Palm Dairies, Limited to handle dairy products. In 1929 the new owners closed the dairy plants at Nokomis and Medstead and opened a creamery in Canora. It was in 1929 that Palm Dairies purchased a creamery at Maple Creek which was sold two years later to a local co-operative association. During the 1930s Palm Dairies operated creameries at Canora, Foam Lake, Kelvington, Moose Jaw, North Battleford, Prince Albert, Regina, Saskatoon, Sheho, St. Walburg, and Medstead. The Sheho creamery was closed in 1932 and Medstead was reopened in 1934. Palm Dairies had re-entered Moose Jaw in 1929 by the purchase of Cobourg Dairies.

On 1 March 1945 Palm Dairies sold seven creameries in Saskatchewan. The creameries at North Battleford and St. Walburg were sold to a local North Battleford group operating under the company name of Royal Dairies, Limited. The five creameries at Mervin, Medstead, Foam Lake, Kelvington, and Canora were sold to the Saskatchewan Co-operative Creamery Association. Palm Dairies continued to operate in Moose Jaw, Saskatoon, and Regina. Burns and Company operated in Prince Albert. However, Palm Dairies was removed as a threat to co-operative dominance in the butter industry in Saskatchewan in 1945.

The Prince Albert Creamery Company, first incorporated in 1912, began to expand in the 1920s. The company acquired the creamery at Henribourg in 1924. New branch creameries were established in 1926 at Speers and at Parkside and a cheese factory at Debden, which was converted into a combined butter and cheese factory, was purchased in 1927. In 1929 the Henribourg creamery burned and the Debden facility reverted to cheese manufacturing only. The Rosthern Creamery and Produce Company had been established in 1923 by the owners of the Prince Albert Creamery Company and was, in effect, a subsidiary. When the Saskatoon Pool purchased the Prince Albert Creamery Company, it acquired facilities at Prince Albert, Parkside, Speers, Debden, and Rosthern and consolidated its competitive position in northern Saskatchewan. At the same time, it all but eliminated the possibility of amalgamation with the Saskatchewan Co-operative Creamery Association at that time. At the time of the purchase of the Prince Albert Creamery Company the Dairy Pool operated creameries at Biggar and Kamsack and a cheese factory at Le Roy. The Biggar creamery had been established in 1924 by D.R. McIntosh, who had manufactured "Hillcrest Brand" creamery butter. The Kamsack creamery was incorporated in 1926 by Simon and Arthur Dykstra who had learned buttermaking in Holland, but the Dykstras sold the Kamsack creamery to McIntosh in 1927. McIntosh and sons now operated creameries at Biggar and Kamsack and, in 1934, they formed Hillcrest Creameries Limited which was sold, in turn, to the Pool in 1937.

In 1942, the Dairy Pool built a cheese factory at Lanigan and purchased a cheese factory at Prud'homme. In 1943 a creamery at Young was purchased. The Young creamery had been built by W. Devine and H. McCallum in 1926 and sold to Hugh Smith in 1932. Smith continued to manage the Young creamery after it was sold to the Pool until the facility was closed in 1952. The Dairy Pool erected a cheese manufacturing and milk distributing facility in Melfort in 1944 and purchased Hill's Dairy in Saskatoon and United Dairies in North Battleford in 1946.

The failure of negotiations regarding the amalgamation of the facilities of the two co-operatives operating in Saskatchewan did not preclude the possibility of concerted action between them. The Co-ordinating Committee, set up to decide how the duplication of facilities could be avoided, and to consolidate the territory within which each operated, succeeded in negotiating a transfer of properties in 1947. The Saskatoon Dairy Pool exchanged its plants at Melfort and Kamsack for those of the Saskatchewan Co-operative Creamery Association at Wilkie, Shellbrook, and Kerrobert.

The Saskatoon Dairy Pool continued to expand. Although the Dairy Pool had managed the affairs of the Saskatchewan Poultry Pool from 1937 onwards, the two did not merge until 1948. The new organization was named the Dairy and Poultry Co-operative Marketing Association. A creamery at Hanley operated by L.R. Sutherland from its opening in 1926, was purchased in 1948. The Pool acquired Purity Dairy in Saskatoon, the Fulford Dairy at Wynyard, and part ownership in the Rosetown Dairy in 1952. These acquisitions, along with the purchase of the Watrous Dairy in 1954, expanded the Dairy and Poultry Pool's fluid milk operations.

The creamery industry in Saskatchewan, in terms of the number of creameries operating, experienced expansion until the end of the 1920s. In addition to the larger companies that operated branch creameries — the Saskatchewan Co-operative Creameries Company, Palm Dairies, and the Prince Albert Creamery Company — there were twenty-three privately-owned creameries in the province in 1928. Although the fate of some of these creameries has been described, a complete list will provide perspective on the many changes that took place after 1928.

TABLE 9.3
PRIVATELY OWNED SINGLE PLANT CREAMERIES IN SASKATCHEWAN, 1928

Creamery Company	Location	Operator or Manager
Biggar Creamery Company	Biggar	D.R. McIntosh
Central Creameries	Alsask	N.C. Beckett
City Creamery Company	Saskatoon	Frank Lord
Cobourg Dairy	Moose Jaw	Ellis A. Johnstone
Crescent Creameries	Yorkton	Robert Barbour
Davis Dairy	Saskatoon	W.A. Davis
Hanley Creamery Company	Hanley	L.R. Sutherland
Kamsack Creamery Company	Kamsack	K.L. Sutherland
Maple Creek Creamery Company	Maple Creek	F.H. Northcott
Midale Co-operative Creamery Association	Midale	H.F. Egland
Norquay Creamery Company	Norquay	J.W. Fotheringham
Northern Creameries	Rabbit Lake	H.A. Hansen
Prairie Creameries	Regina	J.J. MacLean
Purity Dairy, Limited	Regina	A.W. Edgar
Rosthern Creamery and Produce, Limited	Rosthern	W. Stewart
Smellies, Limited	MacNutt	E.W. Langford
Standard Dairy Products	Weyburn	George H. Carter
Souris Valley Creamery Company	Estevan	B.F. Grundeen
Stewart and Logan	MacLean	J.R. Logan
Swift Canadian Company	Moose Jaw	A.J. Chorley
Swift Current Produce Company	Swift Current	C.F. Ironside
T. Eaton Company	Regina	C.P. Richardson
Young Creamery Company	Young	J.W. Devine

Source: Saskatchewan, Department of Agriculture, Annual Report, *1928, 287.*

The creamery at Battleford, known as the Battleford Creamery Company, was the legacy of the Laurentia Milk Company's failure in Battleford. It was operated by G. Ward from 1916 to 1926, sold to W. Clark in 1927, and closed in 1928.

Although economic conditions after 1928 reversed the expansion that had taken place in the 1920s, private capital did venture into the creamery industry to the province during the 1930s and 1940s. Mid-West Creameries was established in 1929 in Regina by A.E. Bitney and others. In 1942 Mid-West Creameries purchased Stewart and Logan's creamery business at Indian Head. Stewart and Logan had operated at MacLean from 1923 to 1934. In the latter year, they had moved their operation to Indian Head. The Mid-West Creameries company was purchased by the Saskatchewan Co-operative Creamery Association in 1954 and the creameries it had operated were closed.

Privately operated creameries were established in Regina, Moose Jaw, and Melville during the 1930s. In Regina, the Producers' Dairy Limited emerged from the ruins of the Regina Dairy Pool. Producers' Dairy was absorbed by Palm Dairies in 1935. The Regina Pure Milk Company operated in Regina from 1932 to 1937 under the management of W.B. Colwell. It will be recalled that Cobourg Dairies was established in Moose Jaw in 1926 and sold to Palm Dairies in 1929. W.H. Johnstone, one of the partners in Cobourg Dairies, re-entered the creamery industry in Moose Jaw in 1935 with Johnstone Dairies and operated until 1960 when the facility was sold to the Saskatchewan Co-operative Creamery Association and closed by the co-operative.

The Swift Canadian Company first entered the creamery industry in Saskatchewan by the purchase of the packing plant facilities of the Gordon, Ironsides and Fares Company in Moose Jaw in 1926. Butter-making equipment was installed in response to an increased demand for Swift's "Brookfield" brand creamery butter across Canada. The creamery opened on 20 April 1926 under the management of A.J. Chorley. Although Swift Canadian was expanding across Canada in the late 1920s, further expansion in Saskatchewan did not take place until 1936 when a curling rink in Melville was purchased and converted into a combined creamery and poultry packing plant. The new facility was opened on 17 October 1936 amidst controversy. The Saskatchewan Co-operative Creameries Company operated a creamery in Melville and objected strongly to Swift's presence. In fact, the situation led to amendments to the *Dairy Products Act* that established the Licensing Board for creameries.[39] Swift Canadian operated in Saskatchewan until 1968. Their Moose Jaw facilities were sold to the Saskatchewan Co-operative Creamery Association in 1958 and closed. Ten years later Swift Canadian closed its plant in Melville.

In the early 1940s two privately-owned creameries were built. J. Clark erected a creamery in Esterhazy in the fall of 1940. This creamery was purchased by the Saskatchewan Co-operative Creamery Association before it opened its doors to receive cream. The co-operative company opened the creamery on 7 April 1941. The Esterhazy Creamery was destroyed by fire in 1951, rebuilt, and finally closed in 1965. F.R. Glass established Glass Dairies in Prince Albert and operated from 1941 until 1952.

The creameries at Kelliher and Unity represent a transfer from co-operative to private ownership. After the Saskatchewan Co-operative Creameries Company closed its Kelliher branch in 1931 it remained closed until purchased by F. Saunderson in 1936. Saunderson operated the creamery until 1945 after which the creamery was operated by L. Crawford until destroyed by fire in 1968. The Unity creamery had been established in 1914 and was one of the original branches of the co-operative creamery company. This creamery was sold by the co-operative in 1932 and reopened in 1933 under the management of A.P. Greaves. In 1934 it became known as Producers' Dairy and was managed by W.P. Ensch until 1944 when again a change in ownership took place. The Unity creamery finally returned to co-operative ownership when acquired by the Saskatoon Dairy and Poultry Pool in 1964.

Purity Dairy, Limited was organized in Regina in 1924. G.L. Geddy was president, A.W. Edgar vice-president, and A.B. MacKay secretary-treasurer. The company erected a dairy plant in Regina in 1924. In 1925 a creamery company was organized in Midale and succeeded in building a creamery. This creamery was leased to Purity Dairy, Limited in 1926. This arrangement continued until 1928 when a number of the shareholders in the creamery in the Midale district decided to operate the creamery. Purity Dairy then purchased the creamery at Norquay. While J.A. Caulder abandoned the Saskatchewan Co-operative Creameries Company in 1929 to become associated with Dairy Corporation of Canada, he did not abandon the dairy industry in Saskatchewan. Dairy Corporation of Canada acquired both the Regina and Norquay creameries of Purity Dairy in 1929. The Norquay creamery was closed in 1973 and, under the name of Silverwood's Dairy, the Regina plant continued to produce butter until 1969 and to handle fluid milk and manufacture ice cream until 1974.

When the shareholders in the Midale creamery decided to operate the Midale creamery in 1928, F.A. Salstrom, manager of the Weyburn Security Bank at Midale, explained, in a letter to P.E. Reed, the nature of the change:

> . . . I might say that at the expiration of the Purity Dairy lease the Midale Co-operative Creamery Association Limited released the creamery to eighteen of the original shareholders for the coming year and it will be operated under the name Midale Co-operative Creamery as a partnership for the coming year.
>
> The plant and equipment is valued at $10,000.00 and these eighteen men hold at least $4,000.00 worth of stock in the Limited company. Might also mention that these eighteen men have contributed $200.00 each which is deposited with us. . . . They are all men with money and willing to see the thing thru with their assistance.
>
> The buttermaker [Mr. V. Sorenson] who [ran] the plant for the Purity has been retained by the present company — we actually believe they will make a success of it.[40]

The banker's prediction proved correct for the Midale creamery continued to produce "Midale Brand Creamery Butter" up to 1948 when the creamery was closed.

Maple Creek, located in the most arid region of Saskatchewan, was the scene of determined attempts to operate butter manufacturing plants. J.A. Caulder established a creamery there in 1920. This creamery became a part of the Saskatchewan Co-operative Creameries network of creameries after the amalgamation with Caulder's Creameries in 1927. The Maple Creek Creamery Company was organized by W.H. and Ellis Johnstone in 1926 who sold to Burns and Company in 1929. This creamery was taken over in 1931 by the Maple Creek Dairy Co-operative Marketing Association. F.H. Northcott was treasurer of the local co-operative and the creamery operator. The Maple Creek co-operative soon ran into difficulties. In June 1932 a loss of $1,572.72 was reported and by the autumn of 1933 the co-operative admitted defeat and closed the creamery.[41]

Meanwhile the creamery established by J.A. Caulder in 1920, and closed in 1929, was reopened under J.A. Wilson's management. Wilson sold this creamery in 1943 and in 1944 it was operated by G.M. Dey. Dey kept the creamery open until 1957 and new owners reopened it in 1959. The Maple Creek Creamery Limited was purchased by Dairy Producers Co-operative Limited on 1 September 1973 and closed.

Dairy Corporation of Canada did not limit its holdings in Saskatchewan to Purity Dairy in Regina. Davis Dairy in Saskatoon was also purchased in 1929 and in 1932 renamed Purity Dairy Products, Limited. In 1943 the name of this creamery was shortened to Purity Dairy Limited and in 1952 it was sold to the Dairy and Poultry Pool. In 1958 the Dairy and Poultry Pool merged the facilities of Purity Dairy with those of Hill's Dairy which had been acquired in 1946. Prairie Creameries, opened by J.J. MacLean in Regina in 1923, was purchased by Dairy Corporation of Canada in 1932 and closed in 1935. J.J. MacLean re-entered the creamery industry in 1945 when he purchased the creamery equipment of the T. Eaton Company and established the Regina City Dairy. The Regina City Dairy became the property of Dairy Producers Co-operative Limited in 1973.

A few non-co-operative creameries in the province never became a part of a Saskatchewan based co-operative. Frank Lord's City Creamery Company operated in Saskatoon from 1923 to 1937. Central Creamery Company, an Alberta-based company operated a creamery at Alsask on the Alberta-Saskatchewan boundary from 1924 to 1936. Smellie Brothers of Russell, Manitoba, operated a creamery at MacNutt, Saskatchewan, from 1926 to 1959, when the creamery was sold to the Manitoba Dairy and Poultry Pool. The Manitoba co-operative operated this creamery until 1967 when it was closed. The Manitoba-based creamery company, the Crescent Creamery Company, operated its branch creamery at Yorkton from 1915 to 1954 in spite of the Saskatchewan Co-operative Creameries Company's attempt, in 1922, to establish formidable competition. The only privately-owned Saskatchewan-based company to survive over the years was the Souris Valley Creamery Company at Estevan. This creamery, opened in 1913 by B.F. Grundeen, is still operated by his son, Paul Grundeen.

After 1950 and until 1965 the number of branch creameries operated by the Saskatchewan Co-operative Creamery Association and by the Saskatoon Dairy and Poultry Pool was characterized by a remarkable stability. The association closed its Shaunavon creamery in 1958 and converted Nipawin in 1964 and Weyburn in 1965 to fluid milk plants. But the small creameries' usefulness was coming to an end as both technological change and government policy rendered economic the processing of milk rather than cream. Centralizing forces began to manifest themselves as never before in the dairy industry in Saskatchewan.

The major technological change that led to the shipment of "manufacturing milk" rather than cream was the bulk storage tank for farm and truck use. As early as 1957, the Saskatoon Dairy and Poultry Pool began to promote the "bulk pick-up system" of marketing milk. In fact, the *Primrose Guide* referred to the bulk tank concept as a dairy revolution when it stated:

> Rural electrification is bringing automation to the dairy industry on the prairies. Adoption of the bulk pick-up system of marketing milk already has revolutionized the thinking of dairymen in the Edmonton and Winnipeg milksheds, and the idea is spreading rapidly into Saskatchewan.
>
> The installation of seamless, stainless steel, refrigerated storage tanks on the farm, coupled with bulk tank transport and bulk tank handling in the plant, holds out the promise for the first time to dairymen to produce a high quality product without the back-breaking hours of lugging cans, cleaning them and lifting them into the water cooler. It does away with much of the

> problem of finding efficient labour, the shrinkage associated with can hauling, and many of the troubles about weight and grade.
>
> The Dairy and Poultry Pool has been watching the development in other parts of the west closely and, on the evidence is prepared to assist and promote the installation of farm bulk tanks in the milk shed in which it operates....
>
> Bulk milk storage tanks, however, entail a capital investment which, in the Pool's opinion, would not prove wise or economic for any dairy farmer with less than 12 milking cows. Prices for the farm installation of a refrigerated tank — where electricity already is available — range from $1,000 for an 800-pound tank to $3,000 or more for a milking herd of 40 to 50 cows.
>
> In some areas, private dairies are switching their plants to the bulk handling system and forcing dairymen to do likewise, or get out of business.
>
> The Dairy Pool has no intention of adopting any such practice. Many of its shipper members are in dairying in a small way, shipping less than five cans a day, and the Pool assures these members that it will continue to see that they get the best service possible.
>
> On the other hand, the Pool believes the bulk system has much to offer.... Accordingly the Pool is prepared to assist members who wish to install the refrigerated storage tanks, and to help them finance purchase of the tanks by long term loans where necessary....
>
> In the plant itself, bulk tanks make a considerable saving because they do away with the need for can washing and sterilization. This not only takes less labour but saves space as well.[42]

Saskatchewan co-operative organizations were determined that the new method of handling milk, rather than cream, would be introduced voluntarily as it would mean the end for small-volume shippers of cream. For specialized dairy farmers, the bulk tank meant higher returns and less labour. For the small-volume producer it meant expansion or abandonment of the dairy enterprise. However, there were other pressures at work to force cream shippers to become industrial milk shippers. On 1 November 1967 the *Primrose Guide* reported:

> Effective November 2, Canada's railways will charge a new schedule of rates which will make shipping cream by train completely out of the question....
>
> Express charges formerly were paid by the creameries but with the new schedule of rates this can no longer be done, Dairy Pool officials said. Under the new rates the cost of shipping a three gallon can of cream would be greater than the total return from the cream.[43]

The Dairy Pool made arrangements to collect as much cream by truck as was practical but this was not economic in areas where cream shippers were scattered.

Government Policy and Consolidation

Government regulation has contributed to the magnitude of centralizing forces in the dairy industry. Fluid milk markets began to be regulated by provincial governments in the 1930s. Federal government involvement in the marketing and production of industrial milk grew out of the desire to stabilize the incomes of dairy farmers who marketed milk and cream for the production of butter, cheese, ice cream, skimmed milk powder, and other dairy products. Federal policies began to materialize after World War II and these led to the establishment of the Canadian Dairy Commission.

During World War II the prices of many farm products were under administered ceilings. It was expected that a return to peace would result in falling prices and falling farm income. As a result, the federal government passed the *Agricultural Prices Support Act* in 1944. This act established a board of three to administer a revolving fund of $200 million in order to support the price of any agricultural product (except wheat) by purchase for storage or through deficiency payments. The act was not automatic in its operation and large-scale support for dairy products was not instituted until 1948, when creamery butter began to be purchased.[44]

The *Agricultural Prices Support Act* was replaced by the *Agricultural Stabilization Act* in 1958. The new act provided for an Agricultural Stabilization Board, whose objective was to maintain a fair relation between the prices farmers received and the cost of goods and services they bought. To achieve this, a system of guaranteed prices was established for nine commodities. The support price was to be 80 percent of the average price over the preceding ten years. Either a purchase for storage, or a deficiency payment plan could be used. Now support for two dairy products was mandatory.[45]

After 1958, government stocks of dairy products, particularly butter, reached alarming magnitudes. Over 500 million pounds of butter, cheese, and powdered milk were in inventory. In 1962, a consumer subsidy on butter was introduced, the Canadian population increased, and the number of dairy farmers declined. Production began to fall into line with domestic consumption and, by 1964, it was decided that the level of production should be stabilized to meet the needs of the Canadian market.[46] A national marketing board, the Canadian Dairy Commission, was established in 1966 and began operations on 1 April 1967.[47]

The Canadian Dairy Commission continued to subsidize the dairy industry through price supports and direct payments to producers. It also introduced a quota system in an attempt to keep surplus production within bounds. Part of the new commission's mandate was to encourage efficient milk production. Subsidy eligibility quotas were established for industrial milk and cream shippers. Fluid milk shippers were under provincial jurisdiction and were regulated by provincial milk control boards. An eligibility quota did not restrict the output of a dairy farmer to the quota but rather determined the amount of his production eligible for government support. When the Canadian Dairy Commission first announced plans for such quotas, it proposed that no subsidy be paid to a farmer shipping less than 1750 pounds of butterfat annually. Representations made by the Dairy Farmers of Canada and other farm organizations brought about a reduction to 420 pounds of butterfat and an adjustment policy for those farmers who separated milk on the farm and could not deliver this lowered amount. A.F. Miller, president of the Saskatoon Dairy Pool stated, "It would appear that even with the quota being established at a low of 420 pounds of butterfat, it will rule out about 38 to 40 percent of our cream shippers indicating a rather bleak 1968 for our country plants dependent on buttermaking."[48] To the extent that manufacturing milk replaced cream the surplus problem was focussed upon skim milk powder. In order to help finance the exports of dairy products surplus to domestic requirements a holdback on the subsidy payments was made.

This system of rationalizing the Canadian dairy industry was flawed. Fluid milk was under the jursidiction of provincial authorities, and the federal government did not pay a subsidy on fluid milk which was surplus to fluid milk sales, except where the possibility of pooling returns existed. Except in pooling areas, fluid shippers did not share in the costs of subsidizing dairy exports. In order to overcome such difficulties federal-provincial agreements were necessary. Beginning in 1971 market-sharing agreements were negotiated with provincial governments and, by 1974, all provinces had entered into market-sharing plans.[49] In his 1968 report, H.W. Braithwaite, general manager of the Saskatoon Dairy Pool, wrote:

> It could be that the new Federal Dairy Commission will eventually take over control of all milk products in Canada. Presently, as you know, it is only concerning itself with manufactured milk.
>
> An indication of this is that any province with a pooled arrangement can collect subsidy on surplus from fluid shippers, which goes into manufactured products such as powder and butter.
>
> In other words, if Saskatchewan were a pooled province instead of just our own organization, your producers could collect subsidy on your surplus. This is a significant move on the part of the Board....[50]

Federal government policy was a factor in bringing the two co-operatives in Saskatchewan together.

Market-sharing plans involved provincial quotas, or shares of the national market, and individual quotas within the provincial quota. Market-sharing covered industrial milk and cream shipments and that portion of fluid milk that was surplus to fluid milk needs. To finance the export of surplus dairy products, provincial agencies collected a levy on each producer's deliveries and this was remitted to the Canadian Dairy Commission.

In response to a request from dairy farmers, a study of the manufacturing milk and cream industry was undertaken in 1971 by the Economics and Statistics Branch, Saskatchewan Department of Agriculture. The study was directed by a steering committee made up of officials of the Saskatoon Dairy Pool, the Saskatchewan Co-operative Creamery Association, J.J. MacLean of City Dairy, Regina, and D.A. Ewart, Dairy Administrator, Department of Agriculture. The study concluded that existing creameries were too small to compete effectively in butter markets; that existing facilities could not handle manufacturing milk and, therefore, could not offer farmers the benefits of whole milk production; that Saskatchewan imported substantial quantities of skim milk powder, cottage cheese, cheddar cheese and ice cream, while exporting only creamery butter; and that the establishment of centralized milk processing plants would result in higher returns to the Saskatchewan dairy industry. It recommended that a milk manufacturing plant be established in Yorkton with an annual processing capacity of approximately 5.8 million pounds of butter and 5 million pounds of skim milk powder and that existing creameries serve as receiving stations for cream and bulk milk.[51]

On 18 February 1972, it was announced that the two dairy co-operatives in Saskatchewan had amalgamated under the name Dairy Producers Co-operative Limited to clear the way for a programme of expansion in milk production in Saskatchewan. At the same time, the provincial government initiated a programme to provide assistance to manufacturing milk producers. Grants amounting to 25 percent of the cost of improving or constructing farm dairy facilities up to a maximum of $1,000 were provided.[52] A herd replacement and upgrading programme was begun in December 1972. Dairy Producers Co-operative began to convert facilities in Saskatoon to enable it to handle manufacturing milk, and construction of a $4 million industrial milk plant was begun in Yorkton.

The amalgamation of the Saskatchewan Co-operative Creamery Association and the Saskatoon Dairy and Poultry Pool in 1972 was but a part of an overall policy to reverse a downward trend in milk production in Saskatchewan. Lower production would mean a lower provincial quota eligible for federal subsidies. As *The Western Producer* reported:

> On the Prairies, provincial governments are seeking to build up a manufacturing milk industry. At one time one of the more reliable sources of farm cash income was the farm separated cream industry but in recent years tens of thousands of Prairie producers have dropped out of this line of production in favour of grain, beef cattle, hogs and other enterprises....
>
> Manitoba successfully halted the downward trend in dairy production for manufacturing purposes but Saskatchewan and Alberta are still struggling with the problem. Saskatchewan now has two major industrial milk plants operating and Dairy Producers Co-operative Limited, is actively seeking out shippers to keep them operating. Former creameries are acting as gathering depots for the centralized plants.
>
> So far more than 250 Saskatchewan farmers have launched into industrial milk production and cheddar cheese and skim milk powder for human consumption have been added to the list of products on the market.[53]

Once again a positive policy to encourage milk production in Saskatchewan had been undertaken jointly by the provincial government and a co-operative. There was a fundamental difference between the approach of the 1970s and that of the 1920s. The former was based on specialization, the latter was designed to promote diversification on individual farms.

Cheddar cheese was not produced commercially in Saskatchewan from 1962 to 1972 inclusive. In the spring of 1973, H.W. Braithwaite, of the Dairy Producers Co-operative, announced that his organization had agreed to supply the milk for a cheese factory in Swift Current. The cheese factory was to be built by an Ontario-based company and was to cost from $80,000 to $100,000.[54] By 1979, the output of cheddar cheese had risen to approximately three million pounds, as centralized plants at Yorkton, Saskatoon, and Swift Current utilized industrial milk shipments made possible by new technology, and encouraged by government policy.

Canadian dairy policy sought a means whereby surplus fluid milk could be eligible for federal subsidies. The Dairy Commission required provincial agreement and pooling arrangements for this eligibility to be recognized. In 1974 it was decided to permit manufacturing milk producers to sell qualifying milk on the higher priced fluid market. This, too, required a method whereby fluid milk and manufactured milk prices could be blended. *The Western Producer* reported:

> The Canadian Dairy Commission and the Saskatchewan government negotiators favour introduction of a province wide price pooling plan under which fluid producers and manufacturing milk producers would receive a blend price on quota milk.[55]

Price pooling required a single buyer of milk — either a marketing agency or the Dairy Producers Co-operative Limited. Both the Saskatchewan Dairy Association and the annual meeting of the Dairy Producers Co-operative adopted resolutions indicating that, if milk buying had to be placed in the hands of one agency, they would prefer it to be handled by the producer-owned Dairy Producers rather than a marketing board. Effective 1 December 1974 the Milk Control Board commenced administration of a fluid milk pool whereby all milk processed in Saskatchewan was purchased by the pool and sold to processors. The board appointed the Dairy Producers Co-operative to act as sole purchasing agent for all pool milk and, as its agent, the co-operative operated under the supervision of the board.[56] Something approaching Wilson's vision of a co-operative monopoly in Saskatchewan had materialized.

Consolidation and Specialization in the Farm Production of Dairy Products

Consolidation in the dairy industry was not confined to processing firms. Over the years, and particularly after 1946, the number of farm firms engaged in milk production decreased in number, increased in size, and became more capital intensive. Significantly, the number of farms maintaining relatively small herds of dairy cattle declined rapidly after 1941. In 1941, 101,976 farms in Saskatchewan reported milk cows one year old and over. Ninety-seven thousand of these were in herds of fifteen cows or less. Table 9.4 shows the changes in herd size from 1951 to 1976.

TABLE 9.4
CENSUS FARMS REPORTING MILK COWS TWO YEARS OLD AND OVER, SASKATCHEWAN, 1951-1976

	1951	1956	1961	1966	1971	1976
All farms reporting	75,297	61,205	49,222	32,144	21,009	11,966
Farms reporting						
1 milk cow	12,882	11,107	8,685	7,242	6,287	6,774
2 milk cows	15,842	11,436	8,837	6,285	3,795	6,774
3 - 7 milk cows	37,939	29,336	22,409	13,137	7,085	3,010
8 - 12 milk cows	6,951	7,283	6,735	3,743	2,303	841
13 - 17 milk cows	1,118	1,335	1,558	853	660	281
18 - 32 milk cows	521	638	849	653	594	553
33 - 47 milk cows	30	51	105	138	211	276
48 - 62 milk cows	8	13	29	61	85	124
63 - 77 milk cows	3	2	9	18	39	42
78 - 92 milk cows	—	1	2	9	13	31
93 cows and over	3	3	4	5	27	34

Source: Census of Canada, Agriculture, Saskatchewan, 1951, 1961, 1971, 1976.

Not only did the number of milk cows in Saskatchewan fall from seventy-five thousand to twelve thousand over a twenty-five year period, but the number of milk cows in herds varying in size from three cows to thirty-two cows accounted for the greatest part of this decrease. Herds with more than thirty-two cows actually increased in number — an indication of the growing specialization in farm dairy production.

The decrease in the number of dairy cattle in Saskatchewan was not accompanied by a corresponding decrease in the amount of milk produced. The average production of milk per cow increased as the number of herds in Dairy

Herd Improvement Associations in the province increased. Table 9.5 indicates that the Cow Testing Centre virtually disappeared and that the average production of milk per cow per year increased between 1940 and 1970.

TABLE 9.5
DAIRY HERD IMPROVEMENT, 1940-1970

	1940	1950	1960	1970
Associations	9	11	11	11
Herds on D.H.I.	180	207	271	298
Cows on D.H.I. Test	2,235	3,505	7,338	8,750
Herds on Combined R.O.P.-D.H.I. Plan	—	32	47	—
Herds on Cow Testing Plan	23	20	61	1
Average Milk Production all cows tested	8,638	9,396	10,776	12,325
Average Butterfat Production all cows tested	314	332	389[a]	435
Herds on Honour Roll	77	155	208	207

[a] In 1959 the basis of qualification for Herd Honour Roll was changed from 300 pounds of butterfat to 90 percent of Breed Class Average.

Source: Saskatchewan Department of Agriculture, Annual Report, *1972, 266.*

Table 9.5 indicates that Saskatchewan dairy farmers were becoming specialized and that the low producing grade cow was being replaced by the high production purebred. Contributing to this improvement in the quality of Saskatchewan cattle was the introduction of artificial insemination.

The technique of artificially injecting bull semen into a cow's genital tract was developed in Europe and was introduced into North America in 1937. An initial barrier to the widespread use of artificial insemination, which gave the breeder the great advantage of access to the breeding potential of the best bulls available, was the inability to preserve the effectiveness of the semen for more than a few hours. In 1949, English researchers discovered a method of freezing semen without destroying it. Semen could be "banked" and transported long distances.[57] By 1956, frozen semen from Ontario was in use on the prairies and, by 1958, semen could be preserved in liquid nitrogen for long periods.

The new technique was adopted in Saskatchewan in the early 1940s and Artificial Breeding Clubs were established at Regina, Moose Jaw, Saskatoon and Prince Albert.[58] Bulls, purchased by the provincial government with funds acquired under the provisions of the *Horned Cattle Purchase Act* of 1939,[59] were made available to these clubs and provincial grants of $1,000 were given to assist in the formation of such organizations.

These early breeding clubs did not have available the technology of frozen semen. It was not until 1956 that the first co-operative breeding club was formed in Saskatchewan.[60] The Saskatoon Artificial Insemination Co-operative Association was formed in that year, followed by co-operative associations at Prince Albert and Wolseley in 1958.[61] Privately-owned companies began to market semen and by 1959 it was deemed necessary to pass the *Artificial Insemination Act*[62] to regulate and control a growing practice in Saskatchewan. New technology maintained milk production in Saskatchewan in the face of a declining number of farms upon which milk was produced.

Specialization in the production of dairy products and consolidation of dairy processing plants were two of the most significant trends in the Saskatchewan dairy industry after World War II. A third was the virtual elimination of the distribution and sale of raw milk. By the end of World War II, three

Saskatchewan cities — Saskatoon, Prince Albert and North Battleford — enforced the pasteurization of milk. Regina was added to this list in 1946. Ten Saskatchewan towns restricted the sale of milk to pasteurized milk only. Well over one hundred villages had adopted the model by-law prepared in 1922. The time had finally arrived when the general public's acceptance of pasteurization was such as to minimize the political risks of introducing a provincial pasteurization law. On 1 March 1949, the Regina *Leader-Post* reported:

> Compulsory pasteurization of milk in cities, and in all towns with population over 1,000 was provided for in a bill given second reading in the legislature Monday....
>
> Only one other province had made pasteurization compulsory, Ontario. This was done when doctors had shown that tuberculosis of the bone had been practically wiped out among children in Toronto following the introduction of pasteurization by-laws there.
>
> Mr. Douglas [the Premier] said he felt public opinion had now reached the stage where pasteurization laws would be recognized as a need.
>
> He said there were only three towns in Saskatchewan with a population of more than 1,000... that did not have pasteurization plants.
>
> Eighty percent of all milk sold in Saskatchewan towns in the class covered by the bill, other than the three towns mentioned, was pasteurized, Mr. Douglas said. He added the bill gave the minister of health power to waive enforcement of the act where it would work a 'hardship' on any town.[63]

Saskatchewan was the second province in Canada to provide for compulsory pasteurization on a provincial basis. Other areas in the world were not far ahead. On 22 February 1949, the Regina *Leader* carried a report that described the long battle in the British Parliament leading to the passage of a bill to make pasteurization of milk in Great Britain compulsory.[64]

Conclusion

The war-created markets for creamery butter enabled the Saskatchewan Co-operative Creameries Company to divest itself of government financing and to become a producer-owned and controlled co-operative company. Attempts to amalgamate the Saskatchewan Co-operative Creamery Association with the Saskatoon Dairy Pool in the 1940s failed. By the 1970s technological change, and government policy designed to bring stability to farm income derived from the sale of dairy products, brought about centralization and greater degrees of specialization in the dairy industry. The amalgamation of the two Saskatchewan dairy co-operatives into one co-operative was associated with the virtual elimination of diversified farmers who merely produced milk and cream to supplement income that was, in the main, generated by the production of other agricultural products.

TEN

THE DAIRY INDUSTRY ADJUSTS TO THE PRAIRIE ENVIRONMENT

The settlement of a frontier area characterized by virtually free land results in competitive pressures on older, more mature agricultural areas. More labour intensive agricultural production in the more mature region is the result. As the flow of relatively low-priced grain from the Canadian and American western frontier increased, eastern farmers shifted their production from grain to livestock products, including butter and cheese. Frontier farmers specialized in the production of cereal crops which enabled them to economize the use of their scarce labour and capital. Agriculture on the Canadian plains has never experienced competition from a frontier area because, indeed, it was "the last best west." For this reason, among others, the Saskatchewan farmer has continued to specialize in wheat production.

The settlement of the Canadian plains was of utmost importance in the scheme of national policies. The necessary rail transportation linking the Canadian west to the St. Lawrence had been provided by the 1880s but settlement did not proceed as rapidly as hoped. The Dominion government undertook to provide a suitable environment for the development of successful agriculture in the west. Aid to the dairy industry became part of federal policy and set the precedents for provincial policies of a similar nature. The assumption was that agriculture on the Canadian frontier would some day, like the agriculture of older, more mature regions in Canada, rely less on wheat and more on dairy products. W.A. Wilson formulated a dairy policy (more accurately a creamery policy) that shaped the nature of Saskatchewan's dairy industry. Unfortunately, his policy was based upon a false premise that led to rather incredible developments in the 1920s.

Wilson's basic assumption was not questioned. Many of those who accepted it did so because they associated instability of farm income with specialization in wheat, and farm prosperity with diversification. In the former association they were correct, in the latter they were wrong. There were those who accepted Wilson's basic assumption because of a pastoral view of farming. They could not accept the fact that agriculture had become fully integrated with a market economy and, as such, was a commercial enterprise first and a "way of life" second. Finally, there were those who agreed with Wilson's policies because those policies were consistent with the processing of an agricultural product within their business community. Facilities would be required which, it was reasoned, would enhance the commercial viability of the centre in which they did business. The argument was extended to the provincial level when it was reasoned that the province's economic viability would be enhanced by the export of a finished product, rather than a raw material. Such reasoning ignores comparative advantage and the productivity of the larger economy, of which the individual town or province is but a part, and is subject to the fallacy of composition.

Government policy focussed upon the butter industry in Saskatchewan. Cheese factory experiments in the 1890s had convinced most that the cheese industry could not be developed on the Canadian plains. Butter, it was thought, could become an export staple. The most enthusiastic thought it might someday rival wheat if only the proper manufacturing, storage and handling facilities were provided. But butter production could not rise to its proper place, it was argued, if large corporate interests were allowed to exploit the producer. Wilson's desire to establish a co-operative monopoly in Saskatchewan's creamery industry resulted in the competitive struggle of the 1920s, which led to exploitation of farmers because creamery capacity went far beyond actual requirements.

The overexpansion of creamery facilities was evident before the depression of the 1930s. Indeed, the complete failure of wheat to provide farm income in the 1930s eased the painful adjustment to fewer creameries as farmers expanded milk and cream production to supplement farm income. Increased production in the dairy industry was associated with lower levels of farm income. World War II brought about the necessity of reallocating farm resources. Butter output reached record levels in Saskatchewan and enabled the reorganization of the Saskatchewan Co-operative Creameries Company, begun in 1939, to take place with ease. By the end of the war, dairy producers had a co-operative divorced from government control and finance.

The problems associated with the production and distribution of fluid milk required government involvement in these areas. Fluid milk regulations were under the jurisdiction of municipal authorities. Therefore, the introduction of regulations regarding cleanliness and pasteurization occurred at different times and with different degrees of effectiveness in the towns and cities of Saskatchewan. As urban populations grew and as the health hazards associated with raw milk became more obvious, stricter by-laws were passed. Health regulations made it necessary to separate the function of production from the function of distribution and specialized distributors, often with pasteurization equipment, became the rule rather than the exception. With this separation of function, milk producers were faced with the possibility of monopoly in the sale of their milk and farmer-organized co-operatives structured on a pooling basis began to appear. The first successful milk pool was organized in Saskatoon. The Saskatoon Milk Pool and its interests had to be recognized in any reorganization of the Saskatchewan Co-operative Creameries Company. Eventually the two co-operatives amalgamated to form Dairy Producers Co-operative Limited and Wilson's vision of a co-operative monopoly virtually materialized. His vision of the diversified farmer, however, did not materialize. The dairy farmer and his co-operative are based on specialization, not diversification.

Lack of capital prevented most of those who made the decision to involve the dairy cow in their production plans from acquiring purebred cattle. Lack of knowledge enabled unscrupulous farmers and cattle dealers in eastern Canada to cull their herds of undesirable animals through sales to the western settlers. Attempts to improve the quality of Saskatchewan dairy herds were hampered by the fact that dairy herd improvement schemes involved a large labour input. In this area, government policy was most rational and, in the long run, effective. However, substantial gains in productivity were associated most closely with the specialized dairy farm.

The difficulty of implementing a provincial policy regarding resource use is illustrated by the history of dairying in Saskatchewan. The difficulties encountered in meeting competition for cream, occasioned by the existence of creameries in both Manitoba and Alberta, provided the rationale for establishing so-called Alberta and Manitoba competitive territories. Price discrimination and collusion among Saskatchewan creameries resulted. This collusion enabled the high costs of producing butter in Saskatchewan creameries to be thrown back on the cream producers and thereby discouraged, rather than encouraged, the diversification of agricultural activity which was the professed goal of dairy policy, at least until the 1930s.

Government policy deemed it necessary to foster a dairy industry on the western plains in order to attract settlers. When this policy was no longer necessary, provincial government policy continued to encourage dairying to stabilize farm income and to prepare for the day when western farmers would follow the example set by their eastern counterparts. The concern with development came to an end with the closing of the frontier by the 1920s. The experience of the depression years, and with government controls during World War II, gave Dominion government policy a new thrust and a new life. Regulation of the market for dairy products became embodied in the Canadian Dairy Commission of 1966. Regulation of the markets for fluid milk emerged from the disorganized fluid milk markets of the 1930s and was a provincial government responsibility. Dairy policy since World War II, at both the provincial and federal levels, appeared to assume that the market was not an adequate regulation of prices and resource allocation and aimed to keep Canada self-sufficient in dairy production. In order to achieve this goal at reasonable cost levels, consolidation of dairy production was deemed necessary. There is little room in today's dairy industry for the kind of dairy production that characterized the industry in the 1920s, 1930s, and 1940s.

Dairymen had organized in the Northwest Territories. These early organizations had as their objectives the development of the dairy industry on the prairies. They sought government assistance towards this endeavour. Both the Dominion and Territorial governments were so in harmony with the views of these organizations that there was little incentive to maintain a strong organization. The Saskatchewan Dairymen's Association, first organized in 1910, was organized by the dairy branch of the Department of Agriculture. After the reorganization of the association in 1915, although government direction was less obvious, government policy continued to dictate the nature of the organization. Creamery operators began to dominate the association and, despite some hints of farmer unrest in the mid and late 1920s, continued to do so. By 1946, the two dominant dairy product processors in the province were both co-operatively organized and, to the degree that co-operative democracy prevailed, the distinction between creamery operators and creamery patrons became less important. Saskatchewan dairy interests contributed to the breakup of the National Dairy Council in the early 1940s precisely because the Council was dominated by dairy processors and, more importantly, because it was thought to be dominated by eastern cheese interests to the neglect of western butter interests.

It would be mere speculation to try to conceive of the development of the dairy industry in Saskatchewan in the absence of Wilson's attempt to create a co-operative monopoly in the early 1920s. Certainly, a major reason for the overexpansion of creamery facilities would have been avoided. Perhaps creamery patrons would have been more inclined to organize and to make their position stronger if the myth of a co-operative organization had not prevailed in the period of expansion in the 1920s.

The Saskatchewan Co-operative Creameries Company, which played such a dominant role in the Saskatchewan dairy industry from 1917 to 1939, is an example of the dangers of a government policy based on a concept of what ought to be. Government policy, with regard to the development of the dairy industry in Saskatchewan, failed to give prairie farmers just recognition as efficient producers and managers. Those who formulated the policy assumed that their vision of the future was correct and that the more short-sighted farmers had to be shown the true path to opulence. Perhaps an efficient dairy industry would have emerged much sooner, and at much less cost, if the decision-making of farmer-entrepreneurs had been more dominant and that of the visionaries less.

APPENDIX A

PAST PRESIDENTS, SASKATCHEWAN DAIRY ASSOCIATION, 1910-1984

1910 — W.A. Wilson, Regina Chairman of Convention
1911 — G.C.D. Edmunds, Qu'Appelle Chairman of Convention
1912 — W.C. Paynter, Tantallon Chairman of Convention
1913 — W.C. Paynter, Tantallon Chairman of Convention
1913-14 — W.A. McCorkell, Moosomin Chairman of Convention
1914-15 — W.A. McCorkell, Moosomin President *pro-tem*
1915-16 — W.A. McCorkell, Moosomin
1916-17 — George Harris, Paynton
1917-18 — L.C. Wirtz, Wadena
1918-19 — A.H. Salmon, Kelso
1919-20 — J.C. Moore, Leask
1920-21 — F.M. Logan, Regina
1921-22 — O.W. Andreason, Humboldt
1922-23 — R.J. Underwood, Saskatoon
1923-24 — J.A. Caulder, Moose Jaw
1924-25 — J.A. Smith, Duff
1925-26 — R.W. Heim, Prince Albert
1926-27 — B.H. Thomson, Boharm
1927-28 — Robert Barbour, Yorkton
1928-29 — C.E. Thomas, Lloydminster
1929-30 — B.F. Grundeen, Estevan
1930-31 — P.C. Colquhoun, Maple Creek
1931-32 — A.W. Edgar, Regina
1932-33 — A.W. Edgar, Regina
1933-34 — Thomas Watson, Prince Albert
1934-35 — E.A. Lewis, Saskatoon
1935-36 — T.A. McCusker, Regina
1936-37 — S.C. Burton, Regina
1937-38 — Gordon Loveridge, Grenfell
1938-39 — C.T. Gooding, Saskatoon
1939-40 — R.H. Jones, Moose Jaw
1940-41 — C.B. McKee, Regina
1941-42 — D.J. Binnington, Saskatoon
1942-43 — F.D. Saunderson, Kelliher
1943-44 — No annual meeting held in 1943. All officers re-elected for the year. F.D. Saunderson, Kelliher
1944-45 — J.W. Ward, Birch Hills
1945-46 — J.S. Turnbull; Regina
1946-47 — E. Strudwick, Fort San
1947-48 — E.A. Bitney, Regina

1948-49 — H.H. Sommerfeld, Saskatoon
1949-50 — J.H. Robson, Moose Jaw
1950-51 — H. Latrace, Saskatoon
1951-52 — H.W. Nichol, Regina
1952-53 — N.S. Mair, Prince
1953-54 — L.B. Crawford, Kelliher
1954-55 — T.L. Brooks, Grenfell
1955-56 — R.L. Newstead, Saskatoon
1956-57 — A.K. Barnsley, Abernethy
1957-58 — A.W. Leader, Swift Current
1958-59 — R.F. Haight, Saskatoon
1959-60 — H.C. Shiplett, North Battleford
1960-61 — G.M. Strudwick, Balgonie
1961-62 — A.R. de Manbey, Saskatoon
1962-63 — W.E. Hurd, Melfort
1963-64 — D.A. Crouch, Regina
1964-65 — W.B. Motion, Yorkton
1965-66 — I.H. Bittner, Yorkton
1966-67 — C.C. Brentnell, Moose Jaw
1967-68 — A.F. Miller, Saskatoon
1968-69 — T.E. Chadwick, North Battleford
1969-70 — H.E. Carlberg, Estevan
1970-71 — H.W. Braithwaite, Saskatoon
1971-72 — E.L. Leibel, Balgonie
1972-73 — H.H. Glanzer, Regina
1973-74 — E. Thorson, Preeceville
1974-75 — L.T. Clark, Regina
1975-76 — Charles Peifer, Nipawin
1976-77 — John Nykolaishen, Saskatoon
1977-78 — Lorne Loveridge, Grenfell
1978-79 — Paul Gustafson, Prince Albert
1979-80 — Leo Fuhr, Langenburg
1980-81 — G.R. Shiplett, Regina
1981-82 — Bruce Wagner, Hague
1982-83 — Leo R. McCabe, Regina
1983-84 — J.N. Campbell, Saskatoon

APPENDIX B

BUREAU OF PUBLIC HEALTH
DIVISION OF SANITATION

Draft Milk Bylaw for Towns (prepared March 1922)

Bylaw No. . . . .

A bylaw of the Town of . . . . for the licensing, inspection and control of the production and handling of milk sold within the town.

WHEREAS the council of the Town of . . . . has signified in writing to the Veterinary Director General its desire to have the aid of the Dominion Department of Agriculture in controlling bovine tuberculosis in the cows supplying milk and cream to the said town, under the regulations relating to tuberculosis issued by Order-in-Council dated 16th April 1917.

AND WHEREAS under the said regulations it is necessary for the council receiving such aid to undertake and provide for the licensing and inspection of dairy premises,

NOW THEREFORE THE COUNCIL OF THE
TOWN OF . . . . ENACTS AS FOLLOWS:

LICENSES

1 Every person or firm owning a cow or cows, the milk from which is offered for sale within the town, or operating a depot or dairy at which milk is treated, bottled or otherwise handled in bulk, shall be licensed.

2 Application for a license, which shall be made in writing to the Town Clerk, shall state,
  (a) Full name and place of residence of applicant.
  (b) Location of dairy premises.
  (c) Number of cows kept.
  Applications shall be accompanied by a license fee of . . . . . . dollars payable yearly in advance.

3 Following the filing of such application, an inspection of the premises, whether within the limits of the town or not, shall be made by an official appointed and paid by the town, who shall examine the stable, dairy herd, milk-house, utensils, and all conditions affecting the production and handling of the milk and report in writing whether in his opinion a license should be issued after which the application shall be disposed of by resolution of the council.

4 A license shall be issued to all applicants whose premises comply with the provisions hereinafter stated in this bylaw.

THE DAIRY PREMISES

5 Cowstables shall be so constructed as to give the maximum possible exposure to sunlight.
Floors shall be of concrete or of carefully jointed boards, water-tight, laid not less than six inches above the ground surface and graded to drainage channels.

6 At least two square feet of window glass shall be provided for each cow, and there shall be suitable inlet and outlet ventilators to keep the air fresh at all times.
The minimum air space per animal shall be 400 cubic feet.

7 Cow stables shall be used only for housing dairy stock and no other animals or poultry shall be allowed therein.
The stables shall be kept clean and free from dust, dirt and manure and shall be lime-washed once every year or oftener if in the opinion of the inspector it is necessary.
Feeding and water troughs shall be kept fresh and clean.

8 A milk-house screened against flies shall be provided for all dairy premises wherein the milk shall be strained, cooled, stored and filled into containers.
The milk-house shall not open into any cowstable, barn or room used for sleeping or domestic purposes.
Part of the milk-house shall be used as a washroom in which shall be a boiler to provide boiling water or steam for sterilizing containers and utensils.
The floor of the milk-house shall be watertight, preferably of concrete, shall be not less than six inches above ground level and shall be suitably drained.

9 The water supply shall be so located, constructed and arranged that it will provide water of a safe sanitary quality.
No closet, urinal or manure pile shall be nearer to any milk-house than fifty feet.

10 If milk depots are operated for the purpose of receiving, treating and bottling milk and washing and sterilizing containers and utensils, the arrangement of the plant and the methods and treatment employed shall conform to the requirements of the Provincial Bureau of Public Health.

THE DAIRY HERD

11 The dairy herd shall be healthy, and clean. Cows shall be groomed daily and kept free from manure, mud or dirt.
Clean straw or other litter shall be used as bedding for dairy stock. Horse manure shall not be used for this purpose.
Immediately before milking, the udder and surrounding parts of the cow shall be brushed, bathed with luke-warm water and dried with a clean cloth.

12 All cows supplying milk for sale in the town will be tuberculin tested by veterinary inspectors from the Dominion Department of Agriculture.
Diseased cows and reactors shall be dealt with as provided in the Dominion regulations relating to Tuberculosis.

THE MILK

13 All milk sold in the town of .... shall be the fresh clean product obtained by the complete uninterrupted milking under proper sanitary conditions of one or more healthy tuberculin tested cows:

It shall not include milk obtained within two weeks before and one week after calving.

It shall contain not less than 3.25% of milk fat and not less than 11.75% of total milk solids.

It shall be sold "whole", no cream being removed nor any preservative, colouring or foreign matter added to it.

14 If pasteurized milk is offered for sale the equipment, plant, methods and treatment used shall conform to the requirements of the provincial Bureau of Public Health.

15 Milk, when drawn from the cow shall be immediately removed to the milk-house, strained and cooled to a temperature of 50 degrees Fahr. or under, and placed in sterilized containers.

16 Milk shall be delivered in bottles to householders. Cans with tight-fitting lids may be used for delivery of milk to hotels, cafes, institutions or other consumers.

Bottles shall not be capped by hand.

Covered delivery wagons shall be used and the temperature of the milk when it reaches the consumer shall not be higher than 50° Fahr.

17 Milk offered for sale in any store, restaurant, cafe, hotel, market or other place shall be kept at a temperature of 50 degrees Fahr. or under in a covered cooler, box, or refrigerator containing no other food.

18 No milk bottles or other containers, milk tickets or money shall be delivered at or received from a house or other premises where any communicable disease is known to exist.

DAIRY EMPLOYEES

19 All persons connected directly or indirectly with the production or handling of milk shall be cleanly in their habits, shall be free from communicable disease, and shall not enter, nor come in contact with the inmates of, any house wherein there is a case of communicable disease, until such time as the period of quarantine is over and the house has been disinfected.

No person known to be a typhoid or diphtheria carrier shall be employed in connection with the production or handling of milk.

20 Milkers shall immediately before milking wash their hands with soap and water and thoroughly dry them. Milking shall be done with dry hands. The milker shall wear a clean overall suit of washing material used exclusively for the purpose of milking and milk handling.

RIGHT OF ENTRY

21 For the purpose of inspecting and of carrying out the provisions of this bylaw, any health officer sanitary inspector or other lawfully appointed official of any health authority shall have the right of entry to any premises, building enclosure or other place during the working hours of such places.

PENALTY

22 Any person or persons found guilty of a breach of this bylaw shall be liable on summary conviction to a fine not exceeding the sum of ...... dollars and costs for each offence, and in default of payment thereof to imprisonment in the nearest common gaol for a term not exceeding ...... days.

DONE AND PASSED in council assembled and read three times with the unanimous vote of the council of the town of .... in the Province of Saskatchewan, this ...... day of .... A.D. 192.

(Seal)

Certified a true copy.

....	....
Mayor	Mayor
....	....
Town Clerk	Town Clerk

APPENDIX C

FOOT AND MOUTH DISEASE

On 26 November 1951, a veterinarian was called to the farm of Leonard T. Wass at McLean to attend his sick cattle. It was not until 24 February 1952 that the illness was diagnosed as foot and mouth disease, the first outbreak of this dreaded cattle disease to be recorded in Canada.

A quarantine had been imposed upon a wide area surrounding the outbreak on 19 February 1952. As further outbreaks were discovered, the quarantine zone was extended to include twenty municipalities.

The presence of this disease in Canada threatened the economic viability of the entire cattle industry. Immediate and drastic measures had to be used to eradicate it in order to preserve Canada's position as a cattle exporter. Thirty-nine cattle owned by Konstantine Haun were the first to be slaughtered. They were buried in a pit two hundred feet long on Haun's farm, west of Regina. William Hanley of Milestone lost nearly two hundred head of cattle. These were buried in a pit blasted in the ground on his own farm. Many others lost cattle.

These outbreaks of foot and mouth disease resulted in American embargoes on Canadian cattle. Saskatchewan cattle were prohibited from moving west or east in Canada. Meat packing plants in Saskatchewan closed. But the distress was most evident in the Regina area. The Regina *Leader-Post* reported on 29 February 1952:

> Just before 1 p.m. Friday four R.C.M.P. constables began shooting a herd of 200 condemned cattle, the first Canadian farm animals to be slain as victims of foot-and-mouth disease.
>
> A report from the slaughter scene at 1.25 p.m. said all of the first herd of infected cattle had been shot. The report said the entire shooting was orderly.
>
> The constables were using .303 calibre rifles and the last report from the slaughter scene, a few hundred yards west of the farm of Konstantine Haun on Dewdney Avenue beyond the city limits, was that it was going orderly.
>
> Cattle began arriving on the scene a few minutes after 8 a.m. driven down a long bulldozed trench past Farmer Konstantine Haun's barn. The herd included Haun's 40 dairy cattle and others presumed to belong to Alex Duck.
>
> Throughout the morning other doomed cattle were driven to the scene from contaminated farms in the area in specially prepared P.F.R.A. trucks....
>
> The animals are to be slashed — a precaution always taken when a whole animal is buried — covered with unslaked lime and buried beneath at least eight feet of earth.
>
> The scene of the first slaughter was both chilling and eerie.
>
> Biting winds swept across the snow-covered prairie land from the east and the mercury was down to 14 below zero at 7 a.m. when federal department

> veterinarians, P.F.R.A. officials, stockmen, photographers and newspapermen first reached the scene.
>
> The humans standing around in the frosty morning air added an eerie touch. Each was dressed in rubber coat and boots and each wore a sou-wester type rain hat.
>
> No farmers were present.

In total, at this and other slaughter areas, 850 cattle, 190 swine, and 140 sheep were destroyed. The federal government paid full compensation. The disease was stamped out.

APPENDIX D

ICE CREAM

Pioneer farmers were so situated that luxury products such as ice cream, were something that they had to provide for themselves. One gallon hand-operated ice cream freezers were available, however, and the "ice cream social" was a part of pioneer life. As towns and cities formed on the prairies, ice cream parlours were established which produced ice cream with the same hand-operated freezers that farmers used. One of Saskatchewan's earliest ice-cream parlours was owned by O.B. Fysh of Moose Jaw and was referred to in the Moose Jaw *Times* in 1890.

The Moose Jaw Dairy Company was the first prairie company to manufacture ice cream on a large scale, and "Velvet," the brand name of his ice cream, became J.A. Caulder's nickname. On 14 June 1912, the *Saskatoon Daily Star* announced that the Saskatoon Pure Milk Company sold Beaver brand ice cream. The *Yorkton Enterprise*, in April 1914, reported that the Ideal Creamery Company had a daily capacity of two thousand pounds of butter and four hundred gallons of ice cream. The Dominion Dairy and Produce Company in Regina began to manufacture ice cream in 1913. By 1913, the Prince Albert Creamery Company and the Souris Valley Creamery Company were producing ice cream on a commercial scale.

Ice cream was not considered a food by federal taxing authorities and, therefore, was subject to taxes that would not be applied to such foods as butter. Ice cream had to be kept refrigerated in transit and bulky refrigeration apparatus made express charges high. Ice cream manufacturers soon found it to be in their interests to form an association to deal with such issues as taxes and freight rates, and the Western Canada Ice Cream Manufacturers' Association was formed in 1918. E.J. Courtney was a long time secretary to this association, which lobbied for lower freight rates and lower taxes.

Charles Blake, of Saskatoon, reviewed his many years in the ice cream industry in Saskatoon when he wrote:

> Ice and salt were used for shipping ice cream until the 1930's. A wooden tub was used and the container of ice cream was placed in the tub and packed in ice. A canvass top was placed over the tub which could be shipped upwards to 150 miles. The tub, when ready for shipping, weighed approximately 105 pounds. This included the five gallons of ice cream that most of those tubs accommodated. High express charges led to lighter weight containers. In 1925 the Lesonhop container was used. In 1926 the insulated canvass bag was introduced. The canvass bag reduced weight (as compared to the tub) by 65 pounds and increased the distance that ice cream could be shipped. Paper shipping cartons replaced canvass bags and today the refrigerated truck is used.
>
> In the 1920's ice cream bricks were made in a pan holding 8 pints. The ice

> cream was removed from the pan and cut into bricks which were wrapped in parchment and placed in a carton for sale. It was possible for a man to make ice cream mix, freeze 500 gallons of ice cream and make 160 bricks each day.
>
> Fancy novelties were a feature of ice cream manufacture. Demand was particularly brisk at Christmas time and the entire staff, including the ice cream maker, were out Christmas morning delivering these fancy items. They included cakes, melons and log rolls.
>
> The frozen sucker was introduced in 1928. It was perfectly round, about five inches long and one inch in diameter. Eskimo pies were introduced in the late 1920's. In 1932 Chilly Bears were introduced but did not meet with consumer approval. It was in the late twenties or early thirties that Jo Lo products — frozen revels, fudgicles, creamsicles, etc. were introduced. In the 1940's drumsticks, made by putting ice cream in a special sweet cone and covering the ice cream with chocolate and peanuts, were made.
>
> Ice cream sales were seasonal. It was common for dealers to stop selling ice cream on Labour Day and to resume selling on May 24.

Charles Blake could have added that ice cream sales were also cyclical. An examination of the table in Appendix E shows that ice cream production fell sharply in the 1930s. Nevertheless, ice cream production has been important to the dairy industry in Saskatchewan from the earliest days of settlement.

APPENDIX E

MILK PRODUCTION, VALUE AND UTILIZATION, SASKATCHEWAN, 1920-49

	Milk Utilization										
	Farm Butter	Creamery Butter	Cheddar Cheese	Cottage Cheese	Other Whole Milk and Cream Cheese	Concentrated Whole Milk Products and Ice Cream Mix	Fluid Sales	Farm-home Consumed	Fed on Farms	Milk Production	Farm Value of Production
				thousand pounds of milk							$000s
1920	370,643	155,411	318	—	—	8,221	72,198	224,669	130,523	962,232	16,506
1921	392,890	164,574	254	—	—	6,754	78,185	243,298	155,650	1,041,975	11,285
1922	389,168	208,376	140	—	—	6,295	82,878	257,905	159,296	1,104,528	10,811
1923	429,948	254,397	1,332	—	—	5,960	91,453	284,588	150,588	1,218,804	11,661
1924	444,766	317,042	1,553	—	—	5,348	98,197	305,572	135,572	1,308,677	12,040
1925	452,807	373,301	2,856	—	—	6,519	114,109	353,748	131,754	1,435,773	15,181
1926	467,006	389,288	4,235	—	—	7,343	116,424	360,918	119,050	1,465,014	14,137
1927	459,585	280,815	3,013	—	—	7,752	102,607	318,087	118,445	1,291,155	13,639
1928	455,887	264,779	1,660	—	—	9,710	99,361	308,023	109,888	1,250,305	14,181
1929	467,006	346,145	1,591	—	—	10,819	111,370	345,253	118,100	1,401,426	15,486
1930	490,996	325,880	1,576	—	—	8,866	141,949	248,327	120,960	1,339,871	13,395
1931	500,974	443,862	3,587	—	—	6,255	162,285	283,908	131,200	1,533,695	11,880
1932	505,656	418,124	6,062	—	—	4,546	163,870	286,681	150,640	1,537,517	9,816
1933	512,094	452,247	8,490	—	—	4,448	173,550	303,615	163,200	1,619,895	10,716
1934	514,084	488,604	7,440	—	—	4,425	180,449	315,684	158,840	1,672,080	11,452
1935	515,020	534,946	6,543	—	—	4,695	132,591	319,655	154,640	1,670,957	11,589
1936	510,338	564,123	5,734	—	—	5,915	135,324	326,250	156,880	1,707,252	12,648
1937	503,315	551,819	3,847	—	—	5,788	132,434	319,281	147,960	1,666,908	13,341
1938	493,951	550,703	4,697	—	—	5,619	127,078	306,370	118,120	1,608,666	12,806
1939	482,246	594,614	3,874	—	—	5,697	133,482	321,808	120,520	1,664,033	11,553
1940	435,193	663,233	4,345	—	1,994	7,231	162,881	215,208	90,320	1,580,405	13,051

1941	413,431	869,886	4,356	—	3,810	9,231	165,650	194,978	91,710	1,753,052	19,592
1942	297,671	967,800	4,901	—	—	10,818	172,789	198,801	94,490	1,747,270	25,126
1943	175,617	1,118,103	4,957	—	89	12,189	190,437	210,059	95,880	1,807,331	29,487
1944	168,597	1,130,825	6,539	—	167	12,046	199,207	208,476	95,880	1,821,737	31,440
1945	169,861	962,364	4,111	—	356	11,432	199,065	206,998	91,010	1,645,197	28,468
1946	185,141	867,496	4,200	—	702	10,975	217,143	210,113	83,370	1,579,140	30,207
1947	170,329	851,212	3,654	—	579	19,234	214,174	203,875	81,290	1,544,347	34,201
1948	177,138	799,338	3,064	97	—	21,006	208,538	180,940	78,500	1,468,621	41,093
1949	184,228	743,902	4,333	114	45	27,210	207,541	189,042	72,250	1,428,665	35,358

Source: Statistics Canada 23-001, 23-201
Saskatchewan Agriculture Animal Industry Branch

MILK PRODUCTION, VALUE AND UTILIZATION, SASKATCHEWAN, 1950-79

	Milk Utilization										
	Farm Butter	Creamery Butter	Cheddar Cheese	Cottage Cheese	Other Whole Milk and Cream Cheese	Concentrated Whole Milk Products and Ice Cream Mix	Fluid Sales	Farm-home Consumed	Fed on Farms	Milk Production	Farm Value of Production
				thousand pounds of milk							$000s
1950	165,071	678,814	4,133	111	22	24,894	209,910	190,417	69,475	1,342,847	31,287
1951	158,246	653,767	4,189	194	—	27,342	214,165	176,013	81,803	1,315,719	35,132
1952	138,647	650,777	583	198	38	30,590	209,646	174,174	86,628	1,291,281	33,202
1953	119,107	650,099	2,112	207	4	30,906	210,205	177,956	86,695	1,277,291	33,675
1954	105,026	626,184	1,628	171	26	29,716	210,451	183,013	77,984	1,234,199	32,406
1955	98,801	627,962	1,023	177	17	31,892	204,286	184,027	62,759	1,210,944	31,848
1956	91,643	587,317	330	322	—	33,371	201,843	182,505	59,298	1,156,629	30,335
1957	82,181	619,679	572	442	11	34,204	194,009	178,714	55,462	1,165,274	31,492
1958	84,123	690,510	506	456	11	36,040	197,487	178,627	63,117	1,250,877	35,270
1959	72,657	670,901	2,090	389	—	37,519	193,139	175,255	70,014	1,221,964	34,968
1960	68,796	655,481	3,212	583	—	38,726	191,870	176,165	74,085	1,208,918	34,850
1961	64,748	664,256	330	911	—	25,980	185,798	169,035	84,357	1,195,415	34,333
1962	53,188	637,790	—	989	—	11,936	182,372	164,000	84,540	1,134,815	32,717
1963	41,535	629,951	—	959	—	9,370	187,928	161,100	82,060	1,112,903	32,705
1964	34,936	590,242	—	1,063	—	11,108	191,283	156,300	82,530	1,067,462	31,928
1965	24,617	507,780	—	1,115	—	7,866	195,457	152,400	64,360	953,595	29,448
1966	20,639	445,325	—	1,104	—	9,660	196,941	126,793	56,100	856,562	27,536
1967	20,311	380,390	—	1,143	—	10,924	196,522	114,432	51,370	775,092	26,453
1968	19,445	373,136	—	1,122	—	11,652	193,839	107,841	51,870	758,905	26,270
1969	18,743	373,698	—	1,311	—	14,107	188,799	98,956	51,900	747,514	26,750
1970	18,743	390,172	—	1,499	—	15,354	186,163	89,771	55,470	757,172	25,975

1971	18,018	357,529	—	1,732	—	14,923	188,839	85,453	56,790	723,284	26,017
1972	16,918	329,449	—	2,038	—	14,540	196,254	85,035	47,250	691,484	26,495
1973	12,636	277,501	5,093	2,020	—	26,232	195,290	77,934	53,827	650,533	27,758
1974	—	212,238	11,649	2,207	2,101	23,810	194,846	64,273	49,828	560,952	32,165
1975	—	208,307	13,376	2,245	5,929	28,760	190,885	43,815	44,572	512,150	36,861
1976	—	193,448	18,634	2,808	7,986	28,273	200,645	47,602	47,848	517,242	38,550
1977	—	192,091	34,243	2,942	3,146	39,401	220,295	40,122	33,784	515,596	43,304
1978	—	203,582	33,528	3,123	1,533	41,718	230,351	36,609	31,448	522,970	48,538
1979	—	184,789	32,375	2,523	3,633	44,801	246,608	—	—	436,940	54,104

Source: Statistics Canada 23-001, 23-201
Saskatchewan Agriculture Animal Industry Branch

NOTES

CHAPTER ONE

[1] See Karl Polanyi, *The Great Transformation* (Boston: Beacon Press, 1957).

[2] For example, see J.G. Thompson, *The Rise and Decline of the Wheat Growing Industry in Wisconsin* (New York: Arno Press, 1972) and R.L. Jones, *History of Agriculture in Ontario, 1613-1880* (Toronto: University of Toronto Press, 1948).

[3] *Encyclopedia Britannica*, 11th ed., s.v. "Dairy and Dairy Farming."

[4] Jones, op. cit., 254-256.

[5] *Encyclopedia Britannica*, loc. cit.

[6] H.A. Innis, ed., *The Dairy Industry in Canada* (Toronto: Ryerson Press, 1937), 37.

[7] *Encyclopedia Britannica*, loc. cit.

[8] S.B. Clough and C.W. Cole, *Economic History of Europe*, 3d ed. (Boston: D.C. Heath and Company, 1967), 567.

[9] *Collier's Encyclopedia*, 1980 ed., s.v. "Dairy Industry."

[10] *Encyclopedia Britannica*, 11th ed., s.v. "Dairy and Dairy Farming."

[11] J.M. Cassels, *A Study of Fluid Milk Prices* (Harvard University Press, 1937), 123.

[12] *Encyclopedia Britannica*, 11th ed., s.v. "Dairy and Dairy Farming."

[13] C. Singer et. al. (eds.), *History of Technology*, 5 vols. (Oxford: Clarendon Press, 1958), 5: 45-50.

[14] The glass bottle was used in 1884 and an automatic bottle filler and capper in 1885. *Encyclopedia International*, 1975 ed., s.v. "Dairy Products."

[15] *Chamber's Encyclopedia*, 1967 revised ed., s.v. "Pasteurization."

[16] *Encyclopedia Americana*, 1982 ed., s.v. "Tuberculin."

[17] *Collier's Encyclopedia*, 1980 ed., s.v. "Dairy Industry."

[18] *Encyclopedia International*, 1975 ed., "Ice Cream."

[19] Innis, *The Dairy Industry in Canada*, 74.

[20] V.C. Fowke, *Canadian Agricultural Policy: The Historical Pattern* (Toronto: University of Toronto Press, 1946), chap. 5.

[21] *Regina Leader*, 8 June 1893, 4.

[22] Canada, House of Commons, *Debates*, 12 May 1897, 2191.

[23] *Census of the Three Provisional Districts of the North-West Territories*, 1884-1885 (Ottawa: MacLean, Roger and Company, 1886), 66-67.

[24] Information supplied by Mrs. A.E. Freeborn, Prince Albert, Saskatchewan. Mrs. Freeborn is the daughter of William Miller. See *The Western Producer* (Saskatoon), 8 April 1976, 7.

[25] *Moose Jaw News*, 4 April 1884, 1.

[26] *Moose Jaw News*, 6 June 1884, 1.

[27] Mrs. Cy Knight, "History of Dairying in Saskatchewan," n.d., unpublished pamphlet in the Moose Jaw Public Library, Moose Jaw, Saskatchewan.

[28] Moosomin *Courier*, 13 October 1892, 1.

[29] *Whitewood Herald*, 19 May 1955, 21.

[30] *Regina Leader*, 5 October 1886, 2.

[31] Saskatchewan, Department of Agriculture, Dairy Branch, Miscellaneous, 1892-1944, Dairy History, 1892-1942, "Annual Report of the Dairymen's Association of the North-West Territories, 1896-1897," Saskatchewan Archives Board, hereafter SAB. Edward Nicholas Hopkins (1854-1935) was born in Oxford County, Ontario. At an early age he was employed in Ontario cheese factories and he later managed several of these factories between 1869 and 1882. In 1882, he travelled west to Brandon by train, thence overland to Moose Jaw by wagon. He homesteaded in the Boharm district and began a long farm career. He toured the Territories lecturing on dairying and he became the second president of the Dairymen's Association of the North-West Territories. R.H. Thomson, who accompanied Hopkins west, was the father of Benjamin Hopkins Thomson who became the leading breeder of Holstein cattle on the prairies in the 1920s.

[32] *Regina Leader*, 27 March 1888, 1.

[33] *Regina Leader*, 5 May 1891, 8.

[34] *Regina Leader*, 27 March 1888, 4.

[35] *Regina Leader*, 26 June 1888, 4.

[36] *Regina Leader*, 21 August 1888, 5.

[37] Qu'Appelle *Progress*, 2 February 1888, 1. James Peers Dill (1859-1937) was born in Londonderry, Nova Scotia. The son of United Empire Loyalists, Dill came west in 1879 and to Wolseley in 1882. He entered the retail trade and actively promoted the dairy industry in the Territories. He was the only representative from the Territories at the meetings which established the Dairymen's Association of the Dominion of Canada in 1889.

[38] Qu'Appelle *Progress*, 8 March 1888, 1.

[39] See Qu'Appelle *Progress*, 12 April 1888, 1 and *Regina Leader*, 14 August 1888, 2.

[40] *Regina Leader*, 28 January 1890, 4.

[41] *Regina Leader*, 22 July 1890, 4.

[42] *Regina Leader*, 22 April 1890, 5.

[43] *Regina Leader*, 20 January 1891, 8.

[44] *Regina Leader*, 23 May 1892, 1.

[45] *Ordinances of the North West Territories*, 1889, no. 13, SAB.

[46] Saskatchewan, Department of Agriculture, Dairy Branch, Cheese Factory Files, File 3, SAB.

[47] Moosomin *Courier*, 30 July 1891, 4.

[48] Moosomin *Spectator*, 21 March 1895, 5.

[49] Saskatchewan, Department of Agriculture, Dairy Branch, Cheese Factory Files, File 3, SAB.

[50] *Census of the Three Provisional Districts of the North-West Territories*, 1884-1885, 67; and *Census of Canada*, 1890-1891 (Ottawa: Queen's Printer, 1893), 221, SAB.

[51] Winnipeg *Commercial*, 27 January 1890, 430.

[52] Qu'Appelle *Progress*, 1 November 1889, 1.

[53] *Regina Leader*, 11 June 1889, 5. Alexander Gillam Thorburn (1836-1894) came to Canada in 1846 and to Manitoba in 1878. In 1882 he moved further west when he became the agent for the North West Land Company at Broadview in Assiniboia. In 1883 he went into business in Broadview as a general merchant and lumber dealer. He was elected a director of the Dairymen's Association of the Dominion of Canada in 1890 and was the first president of the Dairymen's Association of the North-West Territories.

[54] Saskatchewan, Department of Agriculture, Dairy Branch, Miscellaneous, 1892-1944, Dairy History, 1892-1942, "Proceedings of the Second Annual Convention of the Dairymen's Association of Canada," Ottawa, February 1890, 22, SAB.

[55] Qu'Appelle *Progress*, 21 April 1891, 8.

[56] Supplement to *Regina Leader*, 16 June 1891.

[57] Saskatchewan, Department of Agriculture, Dairy Branch, Creamery Files, 1890-1944, File 2, SAB.

[58] *Regina Leader*, 4 February 1890, 4; and 4 March 1890, 4.

[59] *Regina Leader*, 5 May 1891, 1.

[60] *Regina Leader*, 25 April 1892, 8.

[61] Saskatchewan, Department of Agriculture, Dairy Branch, Creamery Files, 1890-1944, File 4, SAB.

[62] *Regina Leader*, 16 February 1892, 8.

[63] *Statistical Abstract and Record for the Year 1888* (Ottawa: Queen's Printer), 268, SAB.

[64] Canada, House of Commons, Report of the Select Standing Committee on Agriculture and Colonization, *Journals*, appendix 4: 117, 10 April 1889.

[65] *Statistical Abstract and Record for the Year 1888*, 268, SAB.

[66] S.A. Saunders, *The Economic History of the Maritime Provinces, A Study Prepared for the Royal Commission on Dominion-Provincial Relations*, (Ottawa, 1939), 19.

[67] Canada, House of Commons, Report of the Select Standing Committee on Agriculture and Colonization, *Journals*, appendix 4: 114-115, 10 April 1889.

[68] Ibid.

[69] Canada, House of Commons, *Debates*, 26 March 1890, 2399.

[70] *Statutes of Canada*, 1889, 52 Vic., c. 43.

[71] *Statutes of Canada*, 1893, 56 Vic., c. 37.

[72] Canada, *Sessional Papers*, 1891, no. 6d, "First Annual Report of the Dairy Commissioner for the Dominion of Canada for 1890," 132-133.

[73] Canada, House of Commons, *Debates*, 6 August 1891, 3574.

[74] Canada, *Sessional Papers*, 1892, no. 7g, "Second Annual Report of the Dairy Commissioner of Canada for 1891," 5.

[75] Innis, *The Dairy Industry in Canada*, 116-118.

[76] Canada, *Sessional Papers*, 1898, no. 8c, "Report of the Commissioner of Agriculture and Dairying," 18.

[77] Canada, *Sessional Papers*, 1895, no. 8, "Report of the Minister of Agriculture for the Dominion of Canada, 1894," xiii.

[78] Canada, House of Commons, *Debates*, 23 June 1897, 4991.

[79] Canada, *Sessional Papers*, 1897, no. 8, "Annual Report of the Department of Agriculture for the Dominion of Canada," 14.

[80] Dairymen's objections to the tuberculin test were based on their beliefs that it would cause cows to abort; that it would render bulls impotent; that the animals' health would be jeopardized.

[81] Canada, *Sessional Papers*, 1898, no. 8, "Annual Report of the Department of Agriculture for the Dominion of Canada," 74-81.

[82] Canada, *Sessional Papers*, 1891, no. 6d, "First Annual Report of the Dairy Commissioner for the Dominion of Canada for 1890," 55.

[83] *Journals of the Legislative Assembly of the North West Territories*, 1891-1892, 12, SAB.

[84] *Ordinances of the North West Territories*, 1891-1892, no. 15, SAB.

[85] *Nor'West Farmer and Miller*, September 1892, 245.

[86] The directors elected were Levi Thompson, Wolseley; David Wilson, Balgonie; Thomas McKay, MLA, Prince Albert, and Mr. Redcliffe of Cochrane. Also attending the meeting were William Watson, J.P. Dill, Senator W.D. Perley, D. Mowat, J. Bole, G.S. Davidson, J.D. McLeod, H. Coy and D. Campbell. Angus MacKay of the Indian Head Experimental Farm addressed the meeting.

[87] *Regina Leader*, 5 September 1892, 3.

[88] *Journals of the Legislative Assembly of the North West Territories*, 1892, 1st sess., 7, SAB.

[89] *Regina Leader*, 1 September 1892, 1.

[90] For full account of Watson's paper see *Regina Leader*, 1 September 1892, 1; and *Nor'West Farmer and Miller*, September 1892, 249. Born in Inverness, Scotland, in 1833, William Watson accompanied his family to Canada in 1844. He was the proprietor of several cheese factories in Ontario before he homesteaded near Moose Jaw in 1883. Watson was an advocate of mixed farming and played an important role in the Moose Jaw Agricultural Society.

[91] Canada, *Sessional Papers*, 1894, no. 8b, "Third Annual Report of the Dairy Commissioner of Canada for 1892-93," 24.

[92] Ibid. Senator William Dell Perley (1838-1909) was born in New Brunswick. He settled in the Wolseley district in 1882 and was the first elected member in the House of Commons for that constituency. He was appointed to the Senate in 1888. Perley was mayor of Wolseley at the time of his death.

[93] See a letter written by Senator Perley which was published in *Regina Leader*, 15 June 1893, 1.

[94] *Moose Jaw Times*, 16 December 1892, 1.

[95] *Moose Jaw Times*, 27 January 1893, 1.

[96] *Moose Jaw Times*, 24 February 1893, 1.

[97] Canada, *Sessional Papers*, 1894, no. 8b, "Third Annual Report of the Dairy Commissioner of Canada for 1892-93," 25.

[98] *Moose Jaw Times*, 14 April 1893, 1.

[99] *Regina Leader*, 30 March 1893, 8.

[100] *Regina Leader*, 20 April 1893, 4.

[101] *Moose Jaw Times*, 9 March 1894, 1.

[102] *Moose Jaw Times*, 29 June 1894, 1.

[103] *Moose Jaw Times*, 26 October 1894, 8.

[104] On 25 May 1895 seven farmers from the Colleston district, near Prince Albert, and six Prince Albert businessmen applied for the incorporation of the Prince Albert Creamery Association, with J.D. Snell as president. The creamery opened in July 1895. Lack of experience and a late start militated against a successful first year but the business showed promise (see the Saskatchewan *Times*, 10 December 1895), and the Executive Committee of the North West Territories extended a special grant of $350 to the association. This sum was to be repaid if the creamery closed before three full seasons of operation had been conducted for any reason other than lack of patronage. In 1896, this creamery became a Branch Experimental Station.

The creamery at Indian Head was established under unusual circumstances. It had its origins at a meeting in Indian Head on 14 January 1896 at which it was revealed that Lord Thomas Brassey (a member of the British nobility who had purchased a large tract of land south of Indian Head) had offered to erect and equip a creamery and to lease it to farmers at an annual rate of 5 percent of the cost. The farmers agreed to accept Brassey's proposal. Even before the community could build and equip the creamery, the Dominion government decided to operate it as a Branch Experimental Station. By 6 June 1896 the creamery was producing butter.

[105] *Moosomin Spectator*, 21 March 1895, 7.

[106] *Moosomin Spectator*, 14 March 1895, 1.

[107] *Moosomin Spectator*, 4 March 1897, 4.

[108] For details regarding these factories, see Saskatchewan, Department of Agriculture, Dairy Branch, Cheese Factory Files, SAB.

[109] Canada, House of Commons, *Debates*, 8 July 1895, 4011.

[110] Canada, House of Commons, *Debates*, 2 March 1896, 2664-2665.

[111] Saskatchewan, Department of Agriculture, Dairy Branch, Miscellaneous, 1892-1944, Dairy History, 1892-1942, "Annual Report of the Dairymen's Association of the North-West Territories, 1896-1897," SAB.

[112] Ibid., 15-30. The analysis of Watson's paper is based on this report.

[113] *Moosomin Spectator*, 16 April 1896, 4.

[114] *Moose Jaw Times*, 17 April 1896, 8.

[115] *The Vidette*, 13 August 1896, 4.

[116] Canada, *Sessional Papers*, 1898, no. 8c, Part III, "Report of the Commissioner of Agriculture and Dairying," 22.

[117] Ibid.

[118] *The Vidette*, 18 February 1897, 8.

[119] *Regina Leader*, 17 March 1898, 6.

[120] *The Vidette*, 18 February 1897, 4 and 8.

[121] Saskatchewan, Department of Agriculture, Dairy Branch, Creamery Files, 1890-1944, File 16, SAB.

[122] Ibid., File 21.

[123] Ibid., File 18.

[124] *Saskatchewan Times*, 29 January 1895, 3.

[125] *Annual Reports of the Department of Agriculture for the North West Territories*, 1898-1904, SAB.

[126] *Regina Leader*, 16 June 1898, 4.

[127] *Regina Leader*, 16 December 1897, 8.

[128] *Regina Leader*, 4 August 1898, 10.

[129] As quoted in *Regina Leader*, 18 April 1901, 8.

[130] Undated correspondence of C.P. Marker in the possession of J.E. Ridley, Regina, Saskatchewan.

[131] Ibid.

[132] *Regina Leader*, 1 December 1898, 1.

[133] *Regina Leader*, 13 October 1898, 10.

[134] *Regina Leader*, 1 December 1898, 1.

[135] Undated correspondence of C.P. Marker in the possession of J.E. Ridley, Regina, Saskatchewan.

[136] Ibid.

[137] *Nor'West Farmer*, 21 December 1903, 1299-1300.

[138] *The Vidette*, 7 June 1899, 4.

[139] *Annual Report of the Department of Agriculture of the North West Territories*, 1905, SAB.

[140] *Nor'West Farmer*, 21 December 1903, 1299-1300.

[141] *Nor'West Farmer*, 20 March 1903, 279.

[142] *Moose Jaw Times*, 14 February 1904, 5.

[143] Information supplied by E.A. Howrie. E.A. Howrie, son of James Howrie, was employed by the dairy branch of the Saskatchewan Department of Agriculture as a dairy produce grader in spring 1923. When the provincial dairy laboratory was established he was employed there and eventually became its director. He was an organizer of the Sunlit Milk Products Company that manufactured powdered milk in Regina in the 1940s.

[144] *Census of Canada*, 1921 (Ottawa: King's Printer), 156.

[145] *Regina Leader*, 19 July 1883, 1.

[146] *Regina Leader*, 17 January 1884, 2.

[147] *Regina Leader*, 31 January 1884, 2.

[148] *Regina Leader*, 31 January 1884, 2.

[149] *Regina Leader*, 28 April 1885, 4.

[150] Regina Urban Municipality, Council Minutes and Bylaws, Bylaw 6 (microfilm), SAB.

[151] Ibid., Bylaw 24.

[152] Ibid., Bylaw 170.

CHAPTER TWO

[1] Saskatchewan, Department of Agriculture, Dairy Branch, Interdepartmental Correspondence, 1906-1937, Minister of Agriculture, 1906-1937, SAB.

[2] Ibid.

[3] Saskatchewan, Department of Agriculture, *Annual Report*, 1907, 178, SAB.

[4] Saskatchewan, Department of Agriculture, Dairy Branch, Letter Books, 1901-1906, SAB. William Arthur Wilson (1878-1939) was born in Renfrew County, Ontario. He attended the Eastern Dairy School at Kingston, Ontario, and, in 1898, he was one of several chosen by J.W. Robertson, Dairy Commissioner for the Dominion of Canada, to promote and supervise creameries in the North West Territories. His first assignment was to manage the creamery at Moosomin. In April 1901, he was appointed Superintendent of Dairying for the eastern section of the North West Territories. He became the first Superintendent of Dairying for the Province of Saskatchewan and set out to establish a provincial dairy industry that would rival the wheat industry in economic importance. His failure to do so led to his resignation as general manager of the Saskatchewan Co-operative Creameries Company in 1923. In 1923 Wilson was employed by the Dominion Department of Agriculture to investigate dairy practices in Australia and New Zealand. In 1924, he became Canada's Agricultural Products Representative in the United Kingdom.

[5] Saskatchewan, Department of Agriculture, Dairy Branch, Interdepartmental Correspondence, 1906-1937, Deputy Minister, 1906-1917, SAB.

[6] Qu'Appelle *Progress*, 15 March 1906, 8.

[7] Saskatchewan Legislative Assembly, *Sessional Papers*, 1924, no. 16, "Official Report of the Proceedings Before the Select Standing Committee on Agriculture," 19, SAB.

[8] See Saskatchewan, Department of Agriculture, Dairy Branch, Interdepartmental Correspondence, 1906-1937, Deputy Minister, 1906-1917, SAB.

[9] Qu'Appelle *Progress*, 22 March 1906, 1.

[10] *Regina Daily Standard*, 21 March 1906, 1 and 5.

[11] See *Whitewood Herald*, 27 November 1902, 1; and *Grenfell Sun*, 28 April 1904, 2.

[12] Saskatchewan, Department of Agriculture, Dairy Branch, Interdepartmental Correspondence, 1906-1937, Deputy Minister, 1906-1917, SAB.

[13] Saskatchewan, Department of Agriculture, *Annual Report*, 1906, 102-103, SAB.

[14] Alberta, Department of Agriculture, *Annual Report*, 1905-1906, 136-139, SAB.

[15] Saskatchewan, Department of Agriculture, Dairy Branch, Interdepartmental Correspondence, 1906-1937, Deputy Minister, 1906-1917, SAB.

[16] *Statutes of Saskatchewan*, 1906, 6 Edw. 7, c. 39.

[17] Contributed by Harvey Walton McNeil, Regina, Saskatchewan. Mr. McNeil was raised on a farm near Arcola and became an elevator agent in the 1920s. He was a member of the armed forces in World War II. After the war he became an accountant and is employed in Regina.

[18] *Statutes of Saskatchewan*, 1909, 9 Edw. 7, c. 8.

[19] Saskatchewan *Gazette*, 15 August 1910.

[20] *Census of Canada*, 1911 (Ottawa, King's Printer, 1912), 549.

[21] *Phoenix*, 18 January 1906, 1.

[22] Saskatoon Urban Municipality, City of Saskatoon, Bylaw 273, Saskatoon City Hall.

[23] *Phoenix*, 12 June 1912, 10.

[24] *Saskatoon Daily Star*, 13 August 1913, 3, and 14 August 1913, 3.

[25] *Saskatoon Daily Star*, 14 August 1913, 2.

[26] Saskatoon Urban Municipality, City of Saskatoon, Bylaw 769, Saskatoon City Hall.

[27] See Chapter One, note 80. Tuberculosis was prevalent in the human population of Saskatchewan as well as in the cattle population, with the latter in large part responsible for the former. The province of Saskatchewan pioneered in the treatment of tuberculosis in humans and, in 1918, built the Saskatchewan Tuberculosis Sanatorium in the Qu'Appelle Valley, east of Regina. Fresh, pure milk was required for the patients in the sanatorium and one of the finest Holstein herds in Saskatchewan was established by Ernest and Ralph Strudwick to meet this requirement. The Strudwick farm was established in 1907 and in 1918 the Strudwicks began to concentrate on purebred Holstein milk production. In 1934, Ralph Strudwick moved to British Columbia and the business was renamed the E. Strudwick and Son Dairy Farm. In

1947, Ernest Strudwick retired and the farm was operated by his sons as the Strudwick Brothers Farm.

[28] Canada, *Sessional Papers*, 1916, no. 15b, "Report of the Veterinary Director General for the Year Ending March 13, 1915," SAB.

[29] Ibid.

[30] *Phoenix*, 14 July 1915, 5.

[31] *Morning Leader*, 16 October 1906, 1.

[32] *Morning Leader*, 23 October 1906, 4.

[33] Regina Urban Municipality, Council Minutes and Bylaws, Bylaw 411, (microfilm), SAB.

[34] *Daily Standard*, 24 September 1907, 1.

[35] Op. cit., Bylaw 440.

[36] Op. cit., Bylaw 478.

[37] Saskatchewan, Department of Agriculture, Dairy Branch, Interdepartmental Correspondence, 1906-1937, Deputy Minister, 1906-1917, SAB.

[38] Ibid.

[39] *Nor'West Farmer*, 20 December 1912, 1602.

[40] *Morning Leader*, 7 March 1924, 3.

[41] Saskatchewan, Files of the Registrar of Joint Stock Companies for the Province of Saskatchewan, File 944, SAB.

[42] Scott Papers, Premier's Subject Files, Agriculture General, 1910-1916, SAB.

[43] *Daily Province*, 22 April 1912, 3.

[44] *Morning Leader*, 11 October 1912, 7.

[45] Regina Urban Municipality, Council Minutes and Bylaws, Bylaw 888 (microfilm), SAB.

[46] *Statutes of Saskatchewan*, 1916, 6 Geo. 5, c. 32.

[47] *Morning Leader*, 18 October 1916, 9.

[48] *Morning Leader*, 20 October 1916, 12.

[49] *Regina Daily Post*, 21 October 1916, 3.

[50] *Regina Daily Post*, 10 November 1916, 3.

[51] A full report on this meeting is in *Morning Leader*, 10 November 1916, 10.

[52] *Regina Daily Post*, 9 December 1916, 3.

[53] *Regina Daily Post*, 3 January 1917, 3.

[54] *Regina Daily Post*, 29 December 1916, 3, and 11 January 1917, 3.

[55] Saskatchewan *Gazette*, 15 February 1917, 42.

[56] *Regina Daily Post*, 19 January 1917, 3.

[57] Regina Urban Municipality, Council Minutes and Bylaws, Bylaw 911 (microfilm), SAB.

[58] *Census of Canada*, 1921 (Ottawa: King's Printer, 1924), 235.

[59] Saskatchewan, Files of the Registrar of Joint Stock Companies for the Province of Saskatchewan, File 352, SAB. Charles H. Boyd was born in Russell County, Ontario. He moved to Moose Jaw about 1909 and shortly thereafter became convinced that impure milk was a major cause of disease in the area. He built, according to the Dean of Agriculture at the University of Saskatchewan, the "finest barn in Saskatchewan." The barn could accommodate seventy-five head of cattle and was equipped with watering troughs and a cement floor. It contained an area for washing dairy equipment and for bottling milk. Boyd bought two carloads of Jersey cows from Amherst, Wisconsin, and two carloads of Holsteins from Brockville, Ontario. He was involved in the Farmers' Dairy Company in Moose Jaw and was a prominent citizen of Moose Jaw (see Moose Jaw *Times*, 4 September, 1926).

Joseph Ashfield Caulder was born in Bristol, Québec, in 1884, and moved to Moose Jaw where he established an art store in 1905. A year later, he and his brother bought eleven hundred acres fifteen miles south of Moose Jaw where they farmed and ranched from 1907 to 1909. J.A. Caulder sold his interest in the farm, formed a partnership with a realtor named Cunningham, and opened a restaurant on Moose Jaw's High Street. In 1909, Caulder joined Boyd in his dairy enterprise. From this beginning, Caulder went on to establish the largest privately-owned creamery company in Saskatchewan. Eventually he left Saskatchewan to become general manager of Dairy Corporation of Canada. When Dairy Corporation was sold to Silverwood's Dairies Limited, Caulder became a major shareholder in and a director of the new company. Caulder was president of the Saskatchewan Dairy Association in 1923-24 and President of the National Dairy Council from 1926 to 1929. The dynamic Caulder died in Toronto at the age of 87, in 1971.

[60] *The Farmer's Advocate*, 22 February 1911, 262.

[61] *Moose Jaw Times*, 22 July 1910, 1.

[62] See J.A. Caulder's Manual Number 3, 24 and 24A. These manuals (called Black Books by

Caulder's contemporaries) were made available to the author by D.A. Crouch, Regina, Saskatchewan.

[63] Saskatchewan, Local Government Board Files, File 4, SAB.

[64] *Moose Jaw Times*, 13 September, 1912, 3, 17 April 1913, 1, 10 January 1914, 10, and 28 August 1913, 15.

[65] *Moose Jaw Times*, 12 May 1913, 8.

[66] Saskatchewan, Files of the Registrar of Joint Stock Companies for the Province of Saskatchewan, File 3224, SAB.

[67] Ibid.

[68] *Moose Jaw Times*, 20 November 1918, 5.

[69] *Moose Jaw Times*, 30 June 1920, 5.

[70] Moose Jaw Urban Municipality, Bylaw 1006, Moose Jaw City Hall.

[71] *Moose Jaw Times*, 1 December 1920, 7.

[72] *Battleford Press*, 23 February 1911, 1.

[73] *Battleford Press*, 30 March 1911, 1.

[74] *Battleford Press*, 12 September 1912, 1.

[75] *Battleford Press*, 26 September 1912, 1.

[76] Saskatchewan *Gazette*, 15 October 1912, 27.

[77] *Battleford Press*, 20 February 1913, 1.

[78] *Battleford Press*, 26 June 1913, 1.

[79] *Battleford Press*, 4 September 1913, 1.

[80] *Battleford Press*, 29 January 1914, 1.

[81] *Battleford Press*, 19 March 1914, 1.

[82] *Battleford Press*, 5 February 1914, 1.

[83] *Battleford Press*, 16 July 1914, 1.

[84] *Battleford Press*, 20 May 1915, 1.

[85] *Battleford Press*, 24 June 1915, 1.

[86] *Battleford Press*, 1 April 1915, 1.

[87] *Battleford Press*, 25 February 1915, 1.

[88] *Battleford Press*, 7 October 1915, 1.

[89] *Battleford Press*, 4 May 1916, 1.

[90] *Public Service Monthly* (Regina: King's Printer) February 1913, 15, SAB. Published by the Saskatchewan government from August 1912 to July 1929.

[91] Saskatchewan, Department of Agriculture, *Annual Report*, 1913, 65-67, SAB.

[92] *Morning Leader*, 24 June 1913, 20.

[93] *Statutes of Saskatchewan*, 1913, 4 Geo. 5, c. 56.

[94] Saskatchewan, Department of Agriculture, Dairy Branch, Interdepartmental Correspondence, 1906-1937, Deputy Minister, 1906-1917, SAB.

[95] Ibid.

[96] Contributed by E.A. Howrie, Regina, Saskatchewan, see Chapter One, footnote 143.

[97] Contributed by Paul Gustafson, Regina. Paul Gustafson is employed by Dairy Producers Co-operative, Regina.

[98] Contributed by Edward Bibby, Prince Albert, Saskatchewan. Edward Bibby is son of Thomas Bibby.

[99] Saskatchewan, Files of the Registrar of Joint Stock Companies, File 6861, SAB. Richard William Heim (1879-1953) was a native of Dresden, Germany, and came to Canada in 1911. By 1913 he had established himself as a stockholder and as general manager of the Prince Albert Creamery Company. This company expanded under Heim's management and his careful attention to quality contributed, through example and competition, to better quality butter in Saskatchewan. Heim served as a director of the Saskatchewan Dairy Association for many years and he was the association's president in 1925-1926. The Prince Albert Creamery Company was sold to the Saskatoon Dairy Pool in 1941 and Heim retired to British Columbia.

CHAPTER THREE

[1] Saskatchewan, Department of Agriculture, *Annual Report*, 1906, 104-105, SAB.

[2] *Prince Albert Times*, 25 March 1908, 6.

[3] Saskatchewan, Department of Agriculture, *Annual Report*, 1908, 156, SAB. T.S. McGrath became manager and buttermaker at Birch Hills and he won many quality competitions with the fine butter manufactured there.

[4] Ibid.

[5] The *Melfort Moon* seldom neglected some reference to the Northern Saskatchewan Creamery Company in each issue of the paper from October 1908 through 1909.

[6] Saskatchewan, Department of Agriculture, Dairy Branch, Creamery Files, 1890-1944, no. 24, SAB. Robert Hastie came to Canada from Scotland in 1910. In spring 1911 he was employed as an assistant at the Melfort Creamery and then, for the winter of 1911-12, at Langenburg. He returned to Melfort in 1912 and began a long career as the manager of that creamery.

[7] Ibid.

[8] For details of the establishment and subsequent success of the creamery in Humboldt see the *Humboldt Journal*, April 1906 to August 1907. Otto Waldemar Andreason was born in Copenhagen, Denmark, and became the dean of Saskatchewan creamery operators. His father was owner of a relatively large tract of land in Denmark and the several hundred cows on that estate were considered a sideline. Andreason's butter-making skills, learned in Denmark, contributed to the success of the creamery in Humboldt. He was a delegate to the convention of Saskatchewan dairymen in 1910; he was involved in the establishment of the National Dairy Council in 1918; he was president of the Saskatchewan Dairy Association in 1921-1922; and he was a member of the advisory council to the College of Agriculture at the University of Saskatchewan from 1908 to 1932.

[9] Twenty-four inquiries were received in 1907 and thirty-eight in 1908. See Saskatchewan, Department of Agriculture, *Annual Report*, 1907, 186, and *Annual Report*, 1908, 155, SAB.

[10] Saskatchewan, Department of Agriculture, Dairy Branch, Interdepartmental Correspondence, 1906-1937, Deputy Minister, 1906-1917, SAB.

[11] Ibid.

[12] *Watson Witness*, 19 March 1909, 7.

[13] *Watson Witness*, 19 March 1909, 3.

[14] *Watson Witness*, 5 February 1909, 3.

[15] See *Watson Witness* for 1910 and 1911.

[16] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Establishment, 1901-1936, SAB.

[17] Ibid.

[18] *Humboldt Journal*, 5 July 1917, 1.

[19] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Creameries, 1890-1944, Wadena, SAB.

[20] Saskatchewan, Department of Agriculture, Dairy Branch, Creamery Files, 1890-1944, File 25, SAB.

[21] Ibid.

[22] Saskatchewan, Department of Agriculture, Dairy Branch, Interdepartmental Correspondence, 1906-1937, Minister of Agriculture, 1906-1937, SAB.

[23] Ibid.

[24] Motherwell Papers, II. 33, Creameries, 1906-1918, 3827, SAB.

[25] *Statutes of Saskatchewan*, 1910-1911, 1 Geo. 5, c. 33.

[26] Motherwell Papers, II. 33, Creameries, 1906-1918, 3841, SAB.

[27] *Lloydminster Times*, 19 March 1914, 1 and 8.

[28] Motherwell Papers, II. 33, Creameries, 1906-1918, 3783, SAB.

[29] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Establishment, 1901-1936, SAB.

[30] Ibid.

[31] *Statutes of Saskatchewan*, 1910-1911, 1 Geo. 5, c. 33 and Saskatchewan, Order-in-Council 245/11, dated 24 April 1911.

[32] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Establishment, 1901-1936, SAB.

[33] Ibid.

[34] Ibid.

[35] G.C. Church, *The Origins, Nature and Development of the Saskatchewan Co-operative Creamery Association* (M.A. Thesis, University of Saskatchewan), 99. Leo McDonald came west from Nova Scotia where he had worked in cheese factories. After three years working in the mines of Montana and Idaho, McDonald came to Saskatchewan. He took over the government creamery at Moosomin in April 1908. He later was employed at the Dominion Dairy and Produce Company plant in Regina, and was then transferred, in June 1914, to Melville where he was made manager of the creamery.

[36] Saskatchewan, Department of Agriculture, Dairy Branch, Interdepartmental Correspondence, 1906-1937, Deputy Minister, 1906-1917, SAB.

[37] *Wilkie Press*, 6 June 1913, 1.

[38] Ibid.

[39] See *Oxbow Herald* for 1912 and 1913 for a detailed account of the fortunes of the Oxbow creamery.

[40] *Oxbow Herald*, 26 June 1913, 1.

[41] *Revised Statutes of Saskatchewan*, 1909, c. 113.

[42] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Creamery Files, File 26, SAB.

[43] Ibid.

[44] Ibid.

[45] Ibid.

[46] Motherwell Papers, II. 33, Creameries, 1906-1918, 3851, SAB.

[47] Saskatchewan, Department of Agriculture, Dairy Branch, Interdepartmental Correspondence, 1906-1937, Deputy Minister, 1906-1917, SAB.

[48] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Creamery Files, File 27, SAB.

[49] Ibid.

[50] Saskatchewan, Department of Agriculture, *Annual Report*, 1906, 104, SAB.

[51] Saskatchewan, Department of Agriculture, *Annual Report*, 1923, 30, SAB.

[52] *Statutes of Saskatchewan*, 1909, 9 Edw. 7, c. 31.

[53] Saskatchewan, Department of Agriculture, *Annual Report of the Superintendent of Dairying*, 1911, 19, SAB. G.B. Craven was killed in the cyclone that struck Regina on 30 June 1912. He had been manager of the government creamery at Langenburg prior to his appointment as dairy instructor.

[54] *Phoenix*, 18 May 1910, 1.

[55] Saskatchewan, Department of Agriculture, Dairy Branch, *Report of the First Annual Convention of Delegates Representing the Dairymen of Saskatchewan*, 1910, Bulletin 22, 8-9, SAB.

[56] Saskatchewan, Department of Agriculture, *Annual Report of the Superintendent of Dairying*, 1911, 26-51, SAB.

[57] *Phoenix*, 9 February 1912, 8.

[58] *Phoenix*, 7 February 1913, 3.

[59] Saskatchewan, Department of Agriculture, Dairy Branch, *Ninth Annual Report of the Dairy Commissioner*, 1914, 23-24, SAB.

[60] *Public Service Monthly*, February 1915, 182-183.

[61] Canada, *Sessional Papers*, 1905, no. 15, "Report of the Minister of Agriculture for the Dominion of Canada, 1904," 14.

[62] Canada, *Sessional Papers*, 1907-1908, no. 15a, "Report of the Dairy and Cold Storage Commissioner for the Year Ending March 31, 1907," 23.

[63] *Lloydminster Times*, 26 February 1914, 1.

[64] *Lloydminster Times*, 19 October 1914, 5. C.E. Thomas was a member of the Barr Colonists —"The Barr Lambs," as they were sometimes called because of their lack of experience in agriculture. Thomas learned quickly, acquired a herd of purebred Ayrshire cattle and began to keep performance records. He became *the* advocate of cow testing in Saskatchewan and, as an employee of the dairy branch in the 1920s, he expended great energy in its promotion. He was active in the Saskatchewan Dairymen's Association and its successor, the Saskatchewan Dairy Association, as well as in the promotion of a provincial dairy pool in the 1920s. Thomas was also an advocate of mixed farming.

[65] Qu'Appelle *Progress*, 7 March 1907, 1.

[66] Saskatchewan, Department of Agriculture, *Annual Report*, 1908, 159, SAB.

[67] Saskatchewan, Department of Agriculture, *Annual Report*, 1911, 23-24, SAB.

[68] *The Farmer's Advocate*, 17 May 1911, 729.

[69] Saskatchewan, Department of Agriculture, *Eleventh Annual Report of the Dairy Commissioner for the Twelve Months Ended April 30*, 1917, 37, SAB.

[70] Ibid., 35.

[71] *Lloydminster Times*, 17 May 1917, 1.

[72] Canada, *Sessional Papers*, 1919, no. 15, "Report of the Minister of Agriculture for the Dominion of Canada," 9-10.

[73] *Lloydminster Times*, 28 February 1918, 4.

[74] *Lloydminster Times*, 2 May 1918, 1.

[75] *Public Service Monthly*, July 1918, 207.

[76] Minutes of the meetings of the directors of the Saskatchewan Dairy Association, 28 April 1921. The association's minute book is available in the office of the Saskatchewan Dairy Commissioner.

[77] Canada, *Sessional Papers*, 1921, no. 15, "Report of the Minister of Agriculture for the Dominion of Canada," 10.

[78] Ibid.

[79] Saskatchewan, Department of Agriculture, *Annual Report*, 1922, 38, SAB.

[80] *The Farmer's Advocate*, 2 December 1914, 1554. There have been prominent Jersey breeders in Saskatchewan. George M. Read, of Stony Beach, Saskatchewan, registered the first Jersey in Saskatchewan in 1907. He had come from Meaford, Ontario, in 1906. His herd of Jerseys was known as the Rocky Lake Jerseys and Read exhibited from 1915 to 1932. Read died in 1942 and G.W. Read maintained the herd until his death in 1955. Joseph Harper and his sons started a herd of Jerseys at Kinley, Saskatchewan, in 1908 but moved to Alberta a few years later. Henry Thompson came from England in 1903 and homesteaded near Fairlight, Saskatchewan. In 1910 he acquired some Jersey cattle and by 1913 exhibited the Grand Champion Jersey at the Brandon Fair. Henry Thompson's herd was dispersed after 1914 but his son Fred Thompson re-established it in the 1920s and exhibited champion cattle at the Toronto Royal Winter Fair in 1926 and at Portland, Oregon, in 1931. Grafton Jerseys (Thompson had come from Grafton, England) are still in production near Fairlight. Other Jersey breeders in Saskatchewan were D.J. McKellop, Pangrath; J.E. Firth, Moosomin; A.O. Pringle, Carnduff; J.W. Redgwick, Melville; G. Corbert, Melfort; Mrs. Gladys Williamson, Weyburn; R. Lister, Lloydminster; Lawrence Purdy, Balgonie; Harold Latrace, Saskatoon; Clarence Gordon, Aberdeen; J.W. Ward, Birch Hills; Lorne Barber, Wolseley; Paul and Pearl Erb, Yellowgrass; Reginald Hogkin, Strasbourg; P.M. Caswell, Wolseley; Hartley Hastings, Weyburn and T.A. McCusker, Regina.

The Saskatchewan Jersey Cattle Club was organized on 2 February 1926 in Regina with G.M. Read, president, T.A. McCusker, vice-president, and Henry Thompson, secretary. (Information contributed by Fred Thompson in his essay, "Jersey Cattle in Saskatchewan — History of the Breed and Its Recorded Breeders"), SAB.

[81] *The Farmer's Advocate*, 19 February 1913, 282.

[82] G.E. Reaman, *History of the Holstein-Friesian Breed in Canada* (Toronto: William Collins, Sons and Company, 1946), 320-325.

[83] Canada, *Sessional Papers*, 1907-1908, no. 15, "Report of the Minister of Agriculture for the Dominion of Canada for the Year Ending March 31, 1907," xxxvii.

[84] G.E. Reaman, *History of the Holstein-Friesian Breed in Canada*, 340-344.

[85] Canada, *Sessional Papers*, 1921, no. 15, "Report of the Minister of Agriculture for the Dominion of Canada for the Year Ending March 31, 1920," 33-34.

[86] *The Farmer's Advocate*, 15 December 1915, 1558. C.W. Thurston was another Saskatchewan farmer who earned a reputation for his purebred Holsteins. Thurston was born in Ontario and settled five miles north of Regina in 1905. He began his herd of Holsteins in 1914. In 1927, the Thurston herd was tested for tuberculosis and, as a result, thirty cattle were destroyed. This setback, followed by the Depression, were misfortunes from which the Thurston's dairy enterprise never fully recovered.

[87] Saskatchewan, Department of Agriculture, *Annual Report*, 1914, 53-59, SAB.

[88] Canada, *Sessional Papers*, 1915, no. 15, "Report of the Minister of Agriculture for the Dominion of Canada for the Year Ending March 31, 1914," 18-19.

[89] *The Farmer's Advocate*, 4 June 1913, 925.

[90] *Morning Leader*, 28 November 1913, 20.

[91] *The Primrose Guide* (published by The Dairy and Poultry Pool, Saskatoon), 23 April 1943, 1.

[92] *The Farm and Ranch Review*, Calgary, 20 January 1910, 36, and 5 May 1910, 303-304.

[93] Saskatchewan, Department of Agriculture, *Annual Report of the Superintendent of Dairying*, 1911, 46-47, SAB.

[94] Ibid.

[95] *The Farmer's Advocate*, 17 May 1911, 720.

[96] *Phoenix*, 7 February 1912, 2.

[97] Ibid.

[98] *The Farmer's Advocate*, 24 February 1915, 217, and 23 February 1916, 273.

[99] *The Farmer's Advocate*, 11 June 1919, 992.

[100] Saskatchewan, Order-in-Council 882/20, 1 May 1920.

[101] See Innis, *The Dairy Industry in Canada*, 120-121.

[102] *Statutes of Canada*, 1921, 11-12 Geo. 5, c. 28.

[103] Saskatchewan, Department of Agriculture, *Annual Report of the Superintendent of Dairying*, 1911, 42, SAB.

[104] Saskatchewan, Department of Agriculture, *Annual Report*, 1912, 94-95, SAB.

[105] Saskatchewan, Department of Agriculture, *Annual Report*, 1914, 27, SAB.

[106] Saskatchewan, Department of Agriculture, Dairy Branch, Interdepartmental Correspondence, 1906-1937, Deputy Minister, 1906-1917, SAB. K.G. MacKay graduated from the Ontario Agricultural College in Guelph in 1906 and took graduate work in dairying at the Iowa State College in 1912. On 1 May 1913, he assumed the position of Assistant Dairy Commissioner for the Saskatchewan Department of Agriculture. In autumn 1914, he joined the staff of the University of Saskatchewan as an Assistant Professor of Dairying. In the summer months, MacKay supervised the construction of new creameries, and he was associated with the establishment of provincial butter grading. He was the first secretary-treasurer of the Saskatchewan Dairymen's Association and the first Professor of Dairy Husbandry at the University of Saskatchewan. In spring 1920, he joined the staff of the Saskatchewan Co-operative Creameries Company, first as supervisor of butter production, then as superintendent of branches and, finally, as assistant manager. In 1924 he joined the staff of the Dominion government as a Senior Produce Grader and in 1926 was appointed Dominion Dairy Products Grader in Montreal.

[107] Saskatchewan, Department of Agriculture, *Annual Report*, 1919, 285, SAB.

[108] *Public Service Monthly*, June 1919, 194.

[109] Saskatchewan, Department of Agriculture, Dairy Branch, Cream Buying Stations, 1916-1934, General, 1916-1934, SAB.

[110] Ibid.

[111] *Statutes of Saskatchewan*, 1914, 5 Geo. 5, c. 20, s. 15.

[112] Saskatchewan, Department of Agriculture, Dairy Branch, Cream Buying Stations, 1916-1934, General, 1916-1934, SAB.

[113] *Statutes of Saskatchewan*, 1916, 6 Geo. 5, c. 32.

[114] Saskatchewan *Gazette*, 31 May 1916, 21-22.

[115] Saskatchewan, Department of Agriculture, Dairy Branch, Cream Buying Stations, 1916-1934, General, 1916-1934, SAB.

[116] Saskatchewan, Department of Agriculture, *Thirteenth Annual Report of the Dairy Commissioner for the Province of Saskatchewan*, 1919, 47, SAB.

[117] Saskatchewan, Department of Agriculture, Dairy Branch, Cream Buying Stations, 1916-1934, General, 1916-1934, SAB.

CHAPTER FOUR

[1] *Battleford Press*, 4 May 1916, 1.

[2] Saskatchewan, Department of Agriculture, *Annual Report*, 1916, 34 and *Annual Report*, 1917, 27, SAB.

[3] Bruno *Banner* Jubilee Edition, June 1955, 12.

[4] *Humboldt Journal*, 16 March 1916, 1. William Leisen (1876-1939) was born in Niederstedern, Germany. At the age of nineteen he emigrated to North America and established a grocery store in Minneapolis. In 1908, Leisen acquired a homestead in the Humboldt area of Saskatchewan and in 1909 he moved to Bruno and established a general store. Soon he was confronted with the problems associated with the trade in dairy butter and he acquired a creamery in 1916. Leisen then bought a plantation and moved to Virginia, but he soon returned to Saskatchewan and opened a creamery in Mervin in 1919. In the early 1920s he built creameries at Maidstone and St. Walburg. All three operated under the name Northland Creameries. In 1927 Leisen sold Northland Creameries to P. Burns and Company.

[5] *Yorkton Enterprise*, 29 January 1914, 1 and 23 April 1914, 1. C.F. Hansen began his career in the butter industry in Denmark. In 1907 he worked for a butter factory at Cowansville, Québec. In autumn 1908 Hansen went to the United States where he worked for several creamery companies. In spring 1913 Hansen returned to Canada to work at J.A. Caulder's Weyburn factory. In 1914 he became a partner in the Ideal Creamery Company in Yorkton which was sold to the Crescent Creamery Company of Winnipeg the next year. Hansen was hired by the Winnipeg firm as superintendent of the Yorkton creamery and he remained there for the rest of his career.

[6] *Yorkton Enterprise*, 22 April 1915, 1. Robert Barbour was born in Scotland in 1882 and emigrated to Canada in 1904. He was employed by the Crescent Creamery Company at Winnipeg and in 1915 he was made manager of the company's Yorkton branch. Barbour served as a director of the Saskatchewan Dairy Association and as its president in 1927-28. He

was the manufacturers' representative to the National Dairy Council from 1927 to 1938 and was a member of the Council's executive for four years. He was chairman of the Provincial Dairymen's Advisory Committee from 1927-1945.

[7] Information supplied by J.E. Ridley, Regina, Saskatchewan. Bernard Frederick Grundeen was born in Cokato, Minnesota, in 1887. He was trained in dairy husbandry at the Agricultural College in St. Paul. He became known as Minnesota's champion buttermaker as a result of his introduction of innovative techniques in buttermaking and pasteurization. Although he was offered a position at the Minnesota State University, Grundeen decided to accept the Estevan Board of Trade's invitation to open a creamery in Estevan. His creamery there opened for business in 1913. The Souris Valley Creamery Company's butter gradually edged its way into markets in Chicago, Montréal, Vancouver and England. In 1926 Grundeen retired from active work in his creamery but his son Paul still operates the creamery in Estevan.

[8] *Phoenix*, 31 January 1914, 5.

[9] Saskatchewan, Department of Agriculture, Dairy Branch, Miscellaneous, 1892-1944, Provincial Subsidies, SAB.

[10] Ibid.

[11] Ibid.

[12] Ibid.

[13] Saskatchewan, Department of Agriculture, Dairy Branch, Interdepartmental Correspondence, 1906-1937, Deputy Minister, 1906-1917, SAB.

[14] Saskatchewan, Department of Agriculture, Dairy Branch, Miscellaneous, 1892-1944, Provincial Subsidies, SAB.

[15] Ibid.

[16] *Humboldt Journal*, 11 March 1915, 1.

[17] Ibid.

[18] As quoted in G.C. Church, *The Origins, Nature and Development of the Saskatchewan Co-operative Creamery Association* (M.A. Thesis, University of Saskatchewan), 126.

[19] *Statutes of Saskatchewan*, 1916, 6 Geo. 5, c. 32.

[20] *Humboldt Journal*, 13 January 1916, 2.

[21] Saskatchewan, Department of Agriculture, *Annual Report of the Dairy Commissioner*, 1917, 14, SAB. See also Foam Lake *Chronicle*, 22 June 1916, 4.

[22] *The Saskatchewan Farmer*, May 1916, 13.

[23] *Phoenix*, 7 January 1916, 3.

[24] *Oxbow Herald*, 26 October 1916, 1.

[25] *Lloydminster Times*, 2 November 1916, 1.

[26] *Daily Post*, 28 October 1916, 5.

[27] Saskatchewan, Department of Agriculture, *Eleventh Annual Report of the Dairy Commissioner of the Province of Saskatchewan for the Twelve Months Ended April 30, 1917*, 32, SAB.

[28] *Morning Leader*, 21 December 1916, 5.

[29] See Church, op. cit., 135.

[30] *Statutes of Saskatchewan*, 1917, 7 Geo. 5, c. 26.

[31] *Statutes of Saskatchewan*, 1917, 8 Geo. 5, c. 66.

[32] Saskatchewan, Department of Agriculture, Dairy Branch, Interdepartmental Correspondence, 1906-1937, Deputy Minister, 1906-1917, SAB.

[33] Saskatchewan, Department of Agriculture, Dairy Branch, Pamphlet File, Creameries, SAB.

[34] Saskatchewan, Department of Agriculture, Dairy Branch, *Twelfth Annual Report of the Dairy Commissioner for the Province of Saskatchewan for the Twelve Months Ended April 30, 1918*, 27, SAB.

[35] Ibid.

[36] *The Farmer's Advocate*, 26 February 1919, 335.

[37] Saskatchewan, Department of Agriculture, Dairy Branch, The Saskatchewan Dairy Association, Constitution, Bylaws, etc., 1 February 1919, SAB.

[38] Ibid.

[39] Minutes of the meetings of the directors of the Saskatchewan Dairy Association, 13 February 1919. Percy Edgerton Reed (1881-1959) was born in Georgetown, Ontario. He attended the Ontario Agricultural College at Guelph and graduated in 1903. He came west in 1913 and was first employed by the University of Saskatchewan in extension work. In 1916 he joined the dairy branch of the provincial Department of Agriculture as a dairy inspector and he became Dairy Commissioner in 1918. For a brief time, from 31 August 1924 to 1 March 1926, he was production manager for the Saskatchewan Co-operative Creameries Company. Apart from

this short hiatus, Reed was Dairy Commissioner from 1918 until his retirement in 1947, acting also as secretary to the Saskatchewan Dairy Association, a position to which he was appointed in 1919. In both these important positions he worked to bring about harmony among all elements in the Saskatchewan dairy industry.

Upon Reed's induction to Saskatchewan's Dairy Hall of Fame, J.E. Ridley paid this tribute to him: "I am very happy to be associated with the 'Dairy Hall of Fame' awards on the induction of one who, in my view, was 'Mr. Dairyman' throughout the length and breadth of Saskatchewan for almost thirty years. He was respected by all, dairy producers, manufacturers and members of his staff. . . ."

[40] *Statutes of Canada*, 1886, 49 Vic., c. 42.

[41] Veronica McCormick, *A Hundred Years in the Dairy Industry* (Ottawa: Dominion Loose Leaf Co. Limited, 1968), 183.

[42] *Daily Post*, 16 January 1918, 7.

[43] Minutes of the Annual Meeting of the Saskatchewan Dairymen's Association, 9 and 10 January 1918.

[44] *The Farmer's Advocate*, 6 February 1918, 184.

[45] G.E. Britnell and V.C. Fowke, *Canadian Agriculture in War and Peace* (Stanford, California: Ford Research Institute, Stanford University Press, 1962), 41 and 42.

[46] *Daily Post*, 3 October 1918, 3.

[47] *The Farmer's Advocate*, 18 December 1918, 2030-2032.

[48] *Phoenix*, 24 March 1919, 3.

[49] Minute Book of the Meetings of the Creamery Operators, Minutes of the meeting of 10 April 1920, Office of the Dairy Commissioner of the Province of Saskatchewan.

[50] Minute Book of the Saskatchewan Dairy Association, Minutes of the meeting of 13 February 1920, Office of the Dairy Commissioner of the Province of Saskatchewan.

[51] Ibid., Minutes of the meeting of 10 April 1920.

[52] Ibid., Minutes of the meeting of 28 April 1921.

[53] *Public Service Monthly*, June 1918, 189-191.

[54] Saskatchewan, Department of Agriculture, Dairy Branch, "Articles: P.E. Reed," Office of Dairy Commissioner of Province of Saskatchewan.

[55] Evidence given by F.A. Pragnell, one-time treasurer for the Saskatchewan Co-operative Creameries Company, as reported in *Phoenix*, 7 March 1924, 3.

[56] Saskatchewan, Treasury Department, Saskatchewan Co-operative Creameries, File 450, SAB.

[57] See Chapter Two, note 42.

[58] Saskatchewan, Department of Agriculture, Dairy Branch, Cream Buying Stations, 1916-1934, L.C. Wirtz, Inspector, 1916-1919, SAB.

[59] Ibid.

[60] Saskatchewan, Treasury Department, Saskatchewan Co-operative Creameries, Correspondence and Agreement Guaranteeing Repayment of Advances to the Northern Crown Bank, 1918 Guarantee, SAB.

[61] Ibid.

[62] *Statutes of Saskatchewan*, 1918-19, 9 Geo. 5, c. 94.

[63] *Statutes of Saskatchewan*, 1918-19, 9 Geo. 5, c. 95.

[64] Saskatchewan, Treasury Department, Saskatchewan Co-operative Creameries, File 450, SAB.

[65] C.A. Dunning Papers, 22298, SAB.

[66] Saskatchewan, Treasury Department, Saskatchewan Co-operative Creameries, File 451, SAB.

[67] Ibid.

[68] Ibid.

[69] Saskatchewan, Order-in-Council No. 1532 19, dated 27 September 1919, approved the form of assignment under which the company was to consign uncalled capital stock to the government. It stated that the company was to assign and transfer all its uncalled capital stock, subscribed or to be subscribed, to the government, provided that the monies payable on allotment of stock (not to exceed 25 percent of the total amount subscribed) were not to form a part of the assignment. The company was not to call up any of its capital stock without the consent of the government but the government could, in case of default on loans made to the company, request the company to make calls to enable it to meet its obligations to the government. The company was to give notice in writing to present and future stockholders of the charge on uncalled capital stock.

[70] *Statutes of Saskatchewan*, 1918-19, 9 Geo. 5, c. 94.

[71] Saskatchewan, Department of Agriculture, *Thirteenth Annual Report of the Dairy Commissioner for the Twelve Months Ended April 30, 1919*, 6, SAB.

[72] C.A. Dunning Papers, 22298, SAB.

[73] Saskatchewan, Department of Agriculture, *Fourteenth Annual Report of the Dairy Commissioner for the Year Ended April 30, 1920*, 17, SAB.

[74] C.A. Dunning Papers, 22238, SAB.

[75] Ibid., 22241.

[76] Ibid., 22268.

[77] *Statutes of Saskatchewan*, 1919-20, 10 Geo. 5, c. 72.

[78] Saskatchewan, Treasury Department. Saskatchewan Co-operative Creameries, Mortgage nos. 4 and 5, SAB.

[79] Ibid., Mortgage nos. 6 to 15 inclusive, SAB.

[80] C.A. Dunning Papers, 22303, SAB.

[81] J.H. Thompson, *The Harvests of War: The Prairie West, 1914-1918* (Toronto: McClelland and Stewart, 1975), 71.

CHAPTER FIVE

[1] V.C. Fowke, *The National Policy and the Wheat Economy* (Toronto: University of Toronto Press, 1957), 78.

[2] *The Farmer's Advocate*, 10 June 1922, 429.

[3] Saskatchewan, Department of Agriculture, Dairy Branch, Cream Grading, 1920-1949, Provincial Dairymen's Advisory Committee, 1923-1940, SAB.

[4] Saskatchewan, Department of Agriculture, Dairy Branch, Cream Grading, 1920-1949, Establishment, 1922-1923, SAB.

[5] Minute Book of the Meetings of Creamery Operators, Minutes of the meeting held on 10 April 1922.

[6] Saskatchewan, Department of Agriculture, Dairy Branch, Cream Grading, 1920-1949, Provincial Dairymen's Advisory Committee, 1923-1940, SAB.

[7] Saskatchewan, Department of Agriculture, Dairy Branch, Cream Grading, 1920-1949, Establishment, 1922-1923, SAB. The following were appointed Dairy Produce Graders by Order-in-Council dated 22 May 1923: Carl Alstad, Henry Amundrud, E.K. Anderson, G.L. Art, C.L. Baker, D. Campbell, R.J. Carlton, E.C. Carr, R.B. Chance, J.W. Clarke, B.A. Cooke, J.W. Devine, J. Edgar, C.H. Elliott, C.D. Flatt, A. de la Gorgendiere, V.E. Graham, R. Greenwood, Harvey Hill, F. Hinchberger, E.A. Howrie, F.C. Humphries, A.M. Jeffers, T. Johnson, C.H.P. Killick, E.W. Luther, L.H. Luther, J.H. MacRae, D.H. McCallum, W.C. McFarland, T.J. McGee, W.H. McGill, C.A. Metcalfe, J.C. Olson, D.B. Roxburgh, R.F. Slinger, S.A. Slipp, F.D. Thomson, F.A. Turner, A.C. Wetmore, W.G. Will, James Wilson, William Wilson and J.H. Woolley. On June 18 the list was added to by the appointment of D.M. Beattie, S.B. Collier, M.B. Fleming, G.B. Mather and H.W. Nicol. On the same date B.A. Cooke, William Wilson, E.K. Anderson, W.H. Gill and L.H. Luther were appointed as Dairy Inspectors.

[8] Saskatchewan, Department of Agriculture, Dairy Branch, Cream Grading, 1920-1949, Operations, 1923-1945, General, 1923-1948, SAB.

[9] Ibid.

[10] Canada, *Sessional Papers*, 1920, no. 15, "Report of the Minister of Agriculture for the Dominion of Canada for the Year Ending March 31, 1919," 8.

[11] Canada, *Sessional Papers*, 1925, no. 16, "Report of the Minister of Agriculture for the Dominion of Canada for the Year Ended March 31, 1924," 24.

[12] Saskatchewan, Department of Agriculture, Dairy Branch, Butter Grading, 1916-1927, General, 1924-1927, SAB.

[13] Ibid.

[14] Ibid.

[15] Ibid.

[16] Saskatchewan, Department of Agriculture, *Annual Report*, 1928, 279, SAB.

[17] Saskatchewan, Department of Agriculture, *Annual Report*, 1922, 38, SAB.

[18] Saskatchewan, Department of Agriculture, Dairy Branch, Cow Testing and Herd Improvement Services, 1921-1950, C.E. Thomas, Dairy Promoter, 1921-1930, SAB.

[19] Ibid.

[20] Minute Book of the Saskatchewan Dairy Association, Minutes of the meeting of the Directors, 28 April 1921.

[21] *Moose Jaw Evening Times*, 8 January 1927, 10.

[22] Saskatchewan, Department of Agriculture, Dairy Branch, Cow Testing and Herd Improvement Services, 1921-1950, Canary Korndyke Alcarta, SAB.

[23] Saskatchewan, Department of Agriculture, Dairy Branch, Cow Testing and Herd Improvement Services, 1921-1950, Cow Testing Centres, 1924-1948, Moose Jaw, 1927-1928, SAB.

[24] Ibid.

[25] See Saskatchewan, Department of Agriculture, *Annual Report*, 1951, 121, SAB.

[26] Saskatchewan, Department of Agriculture, Dairy Branch, Educational Work, 1913-1948, Calf Clubs, 1929-1948, SAB.

[27] Ibid. J.E. Ridley was born in Toronto and attended the Ontario Agricultural College at Guelph from 1923 to 1927. In 1927 he was employed by P.E. Reed as a cream grading inspector at Prince Albert. In July 1942 Ridley became Supervisor of Herd Improvement Services and was transferred to Regina. On 1 October 1942 he was appointed as Assistant Dairy Commissioner. He was appointed to the Dairy Licensing Board in 1953 and made chairman of the Milk Control Board in 1955. He became Dairy Commissioner on 1 March 1962 and retired in 1967.

[28] Saskatchewan, Department of Agriculture, *Annual Report*, 1921, 257-258, SAB.

[29] Ibid.

[30] *Oxbow Herald*, supplement, 16 June 1921.

[31] *Public Service Monthly*, October 1921, 3.

[32] Saskatchewan, Department of Agriculture, *Annual Report*, 1923, 66, SAB.

[33] Saskatchewan, Department of Agriculture, *Annual Report*, 1927, 63, SAB.

[34] *Statutes of Saskatchewan*, 1927, 17 Geo. 5, c. 43.

[35] *Moose Jaw Times*, 11 March 1927, 7.

[36] Saskatchewan, Department of Agriculture, *Annual Report*, 1928, 198, SAB.

[37] Canada *Gazette*, 21 April 1917, 3664.

[38] Canada *Gazette*, 4 October 1919, 990.

[39] Canada *Gazette*, 16 December 1922, 2634-2635.

[40] Saskatchewan, Department of Agriculture, *Annual Report*, 1932, 143, SAB.

[41] Saskatchewan *Gazette*, 31 August 1922, 3-4.

[42] *Statutes of Saskatchewan*, 1923, 13 Geo. 5, c. 9.

[43] Saskatchewan, Bureau of Public Health, *Annual Report*, 1922, SAB.

[44] Saskatchewan *Gazette*, 30 June 1923, 312-316.

[45] Saskatchewan, Department of Public Health, *Annual Report*, 1923, 30, SAB. The Bureau of Public Health was made a department of government in March 1923.

[46] Saskatchewan, Department of Agriculture, *Annual Report*, 1923, 29, SAB.

[47] Ibid.

[48] Saskatchewan, Department of Agriculture, Dairy Branch, Miscellaneous 1891-1944, Yeast and Mould, 1927-1928, SAB. V.E. Graham became the Dean of the College of Agriculture at the University of Saskatchewan.

[49] Ibid.

[50] The following description of the Sunlit Milk Products Company was supplied by E.A. Howrie who, as director of the provincial dairy laboratory in Regina during the 1940s, had an intimate knowledge of the operations of the creamery companies in Regina. Howrie explained:

"Back in the early 1940s there were four creameries in Regina that manufactured butter. Each creamery had a large tank into which butterfat was drained and local hog producers would, periodically, haul it away. As there were no washing facilities for these tanks they created odour and fly problems. It was in the early 1940's, too, that the Saskatchewan Co-operative Creameries Association purchased a roller-type milk drying machine which sat idle in a maintenance garage because the co-operative had no space in which to operate it.

The laboratory of which I was director was located in the co-operative's building and I realized that if the idle machine could be used to powder the surplus buttermilk that a profit could be made selling the powdered buttermilk. When the dairy laboratory was transferred from the Department of Agriculture to the Department of Public Health I met Dr. W.A. Riddell, provincial laboratory director and his assistant H.E. Robertson. We three formed the Sunlit Milk Products Limited, rented the co-operative's dryer and located a building at 1437 Albert Street in Regina in which to powder buttermilk. A local lawyer, G. Thorn, invested $15,000 in the project. Buttermilk was bought for one cent a gallon. The powder produced was fit for human consumption but a large part of the output was sold as animal feed. The powder was sold locally to Swift Canadian Company in Moose Jaw and P. Burns and Company in Regina to replace flour as the filler for sausage meats. Excess powder was sold in American markets to pet food manufacturers at prices lower than those received in the local market. The Sunlit Milk Products Company went out of business around 1950. The amount of butter manufactured in Regina had fallen substantially, Swift Canadian closed their meat processing plant, the price of milk powder declined and the United States placed an embargo on milk powder. The operation ceased to be profitable. However, during the 1940's, nearly a million pounds of powder had been produced."

[51] Department of Agriculture, Dairy Branch, Minister of Agriculture, Interdepartmental Correspondence, 1906-1937, Minister of Agriculture, 1906-1937, SAB.

[52] Saskatchewan, Order-in-Council 475/07, 17 July 1907.

[53] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Establishment, 1901-1936, SAB.

[54] Information provided by J.E. Ridley, Regina, Saskatchewan.

[55] Saskatchewan, Department of Agriculture, *Annual Report*, 1912, 85, SAB.

[56] Saskatchewan, Department of Agriculture, *Annual Report*, 1927, 28, SAB.

[57] Saskatchewan, Department of Agriculture, *Annual Report*, 1928, 291, SAB.

[58] *Le Patriote De L'Ouest*, Prince Albert, 5 June 1918, 6.

[59] *Le Patriote De L'Ouest*, Prince Albert, 5 June 1918, 5.

[60] Saskatchewan, Department of Agriculture, *Annual Report*, 1930, 343, SAB.

[61] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1920-1963, La Société Commercial d'Albertville, 1920-1942, SAB.

[62] *Moose Jaw Evening Times*, 17 February 1923, 1, and 26 March 1923, 7.

[63] *Yorkton Enterprise*, 1 June 1923, 1, and Indian Head *News*, 25 October 1923, 1.

[64] Saskatchewan, Department of Agriculture, *Annual Report*, 1924, 27, SAB.

[65] Information provided by J.E. Ridley, Regina, Saskatchewan.

[66] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1920-1963, Cheese Factory Files, 1920-1963, Prud'homme Cheese Factory, 1927-1943, SAB.

[67] Saskatchewan, Provincial Secretary, Defunct Company Files, no. 3684, SAB.

[68] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1920-1963, Cheese Factory Files, 1920-1963, SAB.

[69] Saskatchewan, Provincial Secretary, Defunct Company Files, no. 4419, SAB.

[70] Saskatchewan, Department of Agriculture, *Annual Report*, 1926, 28, SAB.

[71] *Leader-Post*, 4 November 1932, 9.

[72] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1920-1963, Cheese Factory Files, 1920-1963, Zenon Park Cheese Factory, 1926-1954, SAB.

[73] Saskatchewan, Department of Agriculture, Dairy Branch, Creemeries and Cheese Factories, 1888-1944, Cheese Factory Files, 1920-1963, Guernsey Cheese Factory, SAB.

[74] Saskatchewan Archives Board, Local History Files, *From Prairie Sod to Golden Grain, 1904-1974, A History of the People of Ernfold and Community* (Ernfold: Ernfold Senior Citizens' Association, 1975).

[75] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Cheese Factory Correspondence, 1926-1942, General, 1926-1941, SAB.

[76] Ibid.

[77] Ibid.

[78] Ibid.

[79] Ibid.

[80] Ibid.

CHAPTER SIX

[1] *Yorkton Enterprise*, 18 September 1919, 1.

[2] *Yorkton Enterprise*, 3 August 1922, 6.

[3] Ibid.

[4] *Humboldt Journal*, 16 March 1916, 1, and 17 May 1917, 6.

[5] *Morning Leader*, 21 February 1924, 1 and 8.

[6] C.A. Dunning Papers, 25012-25015, SAB.

[7] *Sun*, 13 April 1915, 2.

[8] *Sun*, 21 May 1915, 2.

[9] *Sun*, 11 April 1916, 4, and 18 April 1916, 6.

[10] *Sun*, 16 March 1917, 1.

[11] Cream buying stations at Carlyle and Carnduff were included in the survey of cream buying stations conducted by the dairy branch in 1915. See Saskatchewan, Department of Agriculture, Dairy Branch, Cream Buying Stations, 1916-1934, General, 1916-1934, SAB.

[12] *Maple Creek News*, 9 May 1918, 2, 29 July 1919, 2 and 8 April 1920, 2.

[13] *Shaunavon Standard*, 21 October 1920, 1.

[14] *Shaunavon Standard*, 18 November 1920, 1.

[15] Saskatchewan, Department of Agriculture, *Annual Report*, 1921, 332 and *Annual Report*, 1922, 22, SAB.

[16] C.A. Dunning Papers, 25071, SAB.

[17] *Weyburn Review*, 28 February 1923, 1.

[18] *Moose Jaw Evening Times*, 27 May 1922, 13.

[19] *Weyburn Review*, 14 June 1922, 1.

[20] C.M. Hamilton Papers, File no. 24, SAB.

[21] Saskatchewan, Department of Agriculture, *Annual Report*, 1923, 1, SAB.

[22] Saskatchewan, Local Government Board, Miscellaneous Correspondence and Papers, 1927-1932, SAB.

[23] *Phoenix*, 16 May 1925, 3.

[24] *Watson Witness*, 22 May 1925, 4, and 16 October 1925, 3.

[25] *Wilkie Press*, 20 May 1925, 5.

[26] Saskatchewan, Department of Agriculture, *Annual Report*, 1924, 19, SAB.

[27] *Watson Witness*, 22 May 1925, 3.

[28] Saskatchewan, Local Government Board, Miscellaneous Correspondence and Papers, 1927-1932, SAB.

[29] *Moose Jaw Times*, 23 March 1925, 3. A creamery operated by D.G. Craig in Wolseley had been purchased in 1920.

[30] *Watson Witness*, 23 April 1926, 3.

[31] J.J. MacLean Papers (uncatalogued), SAB. J.J. MacLean (1889-1971) was born in Nova Scotia. He came to Saskatchewan in 1910 as an employee of the Canadian Pacific Railway. After active service in World War I he became an employee of the Saskatchewan Co-operative Creameries Company in 1921. In 1923 he established Prairie Creameries Company in Regina. This company was sold to Dairy Corporation of Canada in the early 1930s but MacLean reentered the dairy business in 1932 as the proprietor of City Dairy which he operated until 1970. He was named a life member of the Saskatchewan Dairy Association in 1960. He served as a director of the National Dairy Council.

[32] *Moose Jaw Evening Times*, 20 April 1926, 5.

[33] J.J. MacLean Papers (uncatalogued), SAB.

[34] *Weyburn Review*, 24 March 1926, 1.

[35] Saskatchewan, Department of Agriculture, *Annual Report*, 1928, 281, SAB.

[36] *News*, 12 August 1926, 1.

[37] Saskatchewan, Department of Agriculture, Dairy Branch, Cream Grading, 1920-1949, Provincial Dairymen's Advisory Committee, 1923-1940, SAB.

[38] Ibid.

[39] *Statutes of Saskatchewan*, 1916, 6 Geo. 5, c. 32.

[40] *Statutes of Saskatchewan*, 1919-1920, 9 Geo. 5, c. 46.

[41] Saskatchewan, Department of Agriculture, Dairy Branch, Cream Grading, 1920-1949, Provincial Dairymen's Advisory Committee, 1923-1940, SAB.

[42] Ibid.

[43] Ibid.

[44] Ibid.

[45] J.J. MacLean Papers (uncatalogued), SAB.

[46] Ibid.

[47] Saskatchewan, Department of Agriculture, Dairy Branch, Cream Grading, 1920-1949, Provincial Dairymen's Advisory Committee, 1923-1940, SAB.

[48] Ibid.

[49] Ibid.

[50] J.J. MacLean Papers (uncatalogued), SAB.

[51] Minutes of the Meeting of the Directors of the Saskatchewan Dairy Association, 16 April 1926.

[52] Ibid.

[53] Saskatchewan, Department of Agriculture, Dairy Branch, Cream Grading, 1920-1949, Provincial Dairymen's Advisory Committee, 1923-1940, SAB.

[54] Saskatchewan, Treasury Department Files, Saskatchewan Co-operative Creameries: General, 1920-1925, SAB.

[55] Ibid.

[56] Saskatchewan, Treasury Department Files, Guarantee Agreement, 1922-1923, SAB.

[57] *The Saturday Press*, Saskatoon, 4 April 1914, 11.

[58] See *Phoenix*, 18 September 1922, 3, 19 September 1922, 3, and 20 February 1922, 11.

[59] *Phoenix*, 18 February 1922, 5.

[60] *Phoenix*, 20 February 1922, 3.

[61] C.A. Dunning Papers, 22330, SAB.

[62] *Saskatoon Daily Star*, 25 February 1922, 11.

[63] *Phoenix*, 18 February 1922, 5.

[64] *Phoenix*, 8 February 1922, 3.

[65] Records of the Court of King's Bench, Saskatoon, Saskatchewan.

[66] G.C. Church, *The Origins, Nature and Development of the Saskatchewan Co-operative Creameries Association* (Master's Thesis, University of Saskatchewan), 177.

[67] C.A. Dunning Papers, 25021, SAB.

[68] Ibid., 25023.

[69] Ibid., 25024

[70] Minutes of the Annual Meetings of the Saskatchewan Co-operative Creameries Company, available at the head office of Dairy Producers Co-operative Limited, Regina, Saskatchewan.

[71] C.A. Dunning Papers, 24983 and 24984, SAB.

[72] Ibid., 24983-25053.

[73] Ibid., 25024.

[74] *Phoenix*, 13 February, 1924, 3.

[75] *Phoenix*, 13 February 1924, 5.

[76] *Phoenix*, 21 February 1924, 11.

[77] *Morning Leader*, 21 February 1924, 1.

[78] Ibid.

[79] *Morning Leader*, 1 March 1924, 3. The lack of a business approach to the affairs of the creamery company is more readily understood when one takes into account Wilson's attitude toward the dairy industry and W.C. Paynter's attitude toward co-operative business. William Charles Paynter (1866-1934) was born in Ontario. He was an ardent apostle of co-operation and had been active in the formation of the "Harmony Industrial Association" in 1895. For an account of the utopian nature of this association see G. Johnson, "The Harmony Industrial Association: A Pioneer Co-operative," *Saskatchewan History* 4, no. 1 (1951): 11-20.

[80] *Morning Leader*, 22 February 1924, 11.

[81] *Morning Leader*, 13 February 1924, 1 and 8.

[82] *Phoenix*, 22 March 1924, 5.

[83] Ibid.

[84] *The Progressive*, 3 April 1924, 1.

[85] *Phoenix*, 27 March 1924, 3 and 5. Press reports of the company's annual meeting at which these decisions were made are sketchy because the shareholders voted to exclude the press from their deliberations.

[86] C.A. Dunning Papers, 25141, SAB.

[87] See a circular letter to the company's shareholders which accompanied the balance sheet for the year ended 31 December 1924, uncatalogued material, SAB.

[88] C.A. Dunning Papers, 25152, SAB.

[89] See a circular letter to the company's shareholders which accompanied the balance sheet for the year ended 31 December 1924, uncatalogued material, SAB.

[90] Ibid.

[91] Saskatchewan, Department of Agriculture, *Annual Report*, 1926, 16, SAB.

[92] Saskatchewan, Department of Agriculture, *Annual Report*, 1927, 16, SAB.

[93] Saskatchewan, Treasury Department Files, Saskatchewan Co-operative Creameries, Guarantee Agreements, 1926, SAB.

[94] *The Financial Post*, 25 February 1927, 3.

[95] *Phoenix*, 1 March 1927, 3.

[96] *Phoenix*, 9 February 1927, 3.

[97] *Statutes of Saskatchewan*, 1927, 17 Geo. 5, c. 70.

[98] The details of the involved financial problems of the merger are detailed in Saskatchewan, Local Government Board Files, Memorandum to Howard McConnell, Provincial Treasurer, on Amalgamation and File 9167-A, SAB.

[99] Saskatchewan, Treasury Department, Saskatchewan Co-operative Creameries, Reconstruction and Amalgamation, April 1928 to September 1930, SAB.

[100] Saskatchewan, Order-in-Council, 1164/27, 3 August 1927.

[101] *Statutes of Saskatchewan*, 1927, 17 Geo. 5, c. 70.
[102] Saskatchewan, Local Government Board, File 9167-A, SAB.
[103] Ibid.
[104] Saskatchewan, Order-in-Council, 1840/27, 30 December 1927. This order enabled Caulder to pay dividends.
[105] *Leader-Post*, 28 November 1931, 1.
[106] Saskatchewan, Department of Agriculture, *Annual Report*, 1928, 285-286 and *Annual Report*, 1929, 304, SAB.
[107] Ibid., 1929, 296.
[108] Saskatchewan, Treasury Department, Saskatchewan Co-operative Creameries, Redemption of 7 percent First Mortgage Bonds Matured 1 July 1929, SAB.
[109] *Leader-Post*, 4 December 1931, 6.
[110] Ibid.
[111] Annual Report of the Directors of the Saskatchewan Co-operative Creameries Company, 1928, uncatalogued, SAB.
[112] *Statutes of Saskatchewan*, 1928-1929, 19 Geo. 5, c. 78.
[113] *The Western Producer*, 7 February 1929, 3.
[114] Saskatchewan, Local Government Board, Miscellaneous Correspondence and Papers, 1927-1932, SAB.
[115] *Statutes of Saskatchewan*, 1927, 17 Geo. 5, c. 70, Schedule A, Clause 11.
[116] *The Financial Post*, 20 June 1929, 2.
[117] *Statutes of Saskatchewan*, 1928-1929, 19 Geo. 5, c. 78.
[118] Saskatchewan, *Sessional Papers*, 1930, "Speeches on the Budget," 19 March 1930, 301-302.
[119] Ibid.
[120] *Leader-Post*, 3 November 1931, 2.
[121] *Leader-Post*, 17 December 1931, 1.
[122] Minutes of the Annual Meeting of the Saskatchewan Dairy Association, 9 February 1921.
[123] Minutes of the meeting of the directors of the Saskatchewan Dairy Association, 29 August 1924. See also *The Western Producer*, 19 February 1925, 11, and *Morning Leader*, 29 January 1925, 8.
[124] *Daily Star*, 6 February 1925, 7.
[125] *Morning Leader*, 10 February 1928, 1.
[126] Saskatchewan, Department of Agriculture, Dairy Branch, Saskatchewan Dairy Association, 1916-1949, Cost of Dairy Survey, 1928-1933, SAB.
[127] Ibid.
[128] Ibid.
[129] *The Western Producer*, 8 March 1928, 24.
[130] Saskatchewan, Department of Agriculture, Dairy Branch, Saskatchewan Dairy Association, 1916-1949, Cost of Dairy Survey, 1928-1933, SAB.
[131] Ibid.
[132] Ibid.
[133] Ibid.
[134] Ibid.

CHAPTER SEVEN

[1] *Phoenix*, 9 March 1914, 3.
[2] *Phoenix*, 27 March 1915, 3.
[3] *Phoenix*, 26 May 1915, 5.
[4] Files of the Registrar of Co-operative Associations, File no. 665M, Credit Union Central, 2055 Albert St., Regina, Saskatchewan. Included among the members of the new association were Walter H. Chennels, Saskatoon; P. Copeland, Saskatoon; J. McNee Dawson, Dunfermline; R.S. Foster, Clark's Crossing; A. McLachlin, Rosthern; H.B. Sommerfeld, Saskatoon; R.J. Underwood, Sutherland; L.S. Vanscoy, Dunfermline and E. Witt, Dunfermline.
[5] *Phoenix*, 15 June 1920, 3.
[6] See *Phoenix*, 15 June 1920, 3, 16 June 1920, 3, and 22 June 1920, 3.
[7] *Phoenix*, 29 October 1919, 14.
[8] *Phoenix*, 14 November 1919, 3.
[9] *Phoenix*, 4 January 1921, 3.
[10] *Phoenix*, 19 January 1921, 3, and 1 February 1921, 3.
[11] *Saskatoon Daily Star*, 18 May 1923, 7.
[12] *Saskatoon Daily Star*, 18 May 1923, 3.

[13] *Saskatoon Daily Star*, 22 May 1923, 7.
[14] *Saskatoon Daily Star*, 6 June 1923, 7.
[15] *Saskatoon Daily Star*, 7 June 1923, 7.
[16] Saskatoon Urban Municipality, Bylaw 953 as amended by Bylaw 2258, City Hall, Saskatoon, Saskatchewan.
[17] *Saskatoon Daily Star*, 27 October 1924, 3 and 7.
[18] Registrar of Co-operative Associations, File no. 665M, loc. cit.
[19] *Saskatoon Daily Star*, 11 December 1926, 6, and 20 December 1926, 3.
[20] *Saskatoon Daily Star*, 20 December 1926, 3.
[21] *Saskatoon Daily Star*, 6 January 1927, 3.
[22] *The Western Producer*, 24 October 1929, 28.
[23] Registrar of Co-operative Associations, Files 203M and 204M, loc. cit.
[24] Ibid., File 203M.
[25] *Saskatoon Daily Star*, 28 January 1928, 5.
[26] *Saskatoon Star Phoenix*, 30 April 1929, 3.
[27] See H.H. Sommerfeld's unpublished manuscript on the history of the Saskatoon Dairy Pool (available from V.H. Sommerfeld, Saskatoon). Herbert Herman Sommerfeld (1891-1960) came to Saskatoon from Minnesota in 1902. His father began selling milk in Saskatoon and the son drove a milk rig. H.H. Sommerfeld was one of the original members of the Saskatoon Dairy Pool and he was elected to the Pool's board of directors in 1928. He became vice-president in 1935, and was elected president in 1946, a position he held for ten years. As a respected leader of Saskatchewan's dairy industry Sommerfeld became president of the advisory board of the University of Saskatchewan's College of Agriculture and a member of the University Senate. He was active in numerous other organizations, including the Saskatoon Herd Improvement Association and the Saskatoon Exhibition Association.
[28] Ibid.
[29] *Saskatoon Star Phoenix*, 11 October 1930, 3.
[30] *Saskatoon Star Phoenix*, 15 February 1931, 3. At the time the decision to manufacture butter was made, the City of Saskatoon decided to erect a technical school on the site where the Pool powdered milk. The property was expropriated and the Dairy Pool purchased a building owned by T. Eaton Company at Avenue D and 33rd Street.
[31] H.H. Sommerfeld's unpublished manuscript, op. cit.
[32] G.J. Orchard, *A History of the Dairy and Poultry Pool* (unpublished term paper, University of Saskatchewan, n.d.).
[33] Saskatchewan, Bureau of Public Health, *Annual Report*, 1919-1920, 60, SAB.
[34] *Morning Leader*, 21 January 1921, 9.
[35] *Morning Leader*, 31 December 1920, 20.
[36] See *Morning Leader*, 8 January 1921, 13; 10 January 1921, 6; 11 January 1921, 8; and 14 January 1921, 3 and 9.
[37] *Daily Post*, 15 January 1925, 3.
[38] *Daily Post*, 4 February 1925, 8.
[39] *Daily Post*, 10 February 1925, 8.
[40] *Daily Post*, 18 March 1925, 2.
[41] *Morning Leader*, 29 July 1925, 1.
[42] Minutes of the annual meeting of the Saskatchewan Dairy Association, 3 February 1926. Curiously, this resolution was not included with other resolutions in the minute book but was inserted as a loose leaf.
[43] *The Western Producer*, 11 February 1926, 1.
[44] *Morning Leader*, 8 April 1926, 11.
[45] Minutes of the meeting of the directors of the Saskatchewan Dairy Association, 7 July 1926.
[46] *Daily Post*, 16 February 1927, 3.
[47] *The Western Producer*, 3 March 1927, 1.
[48] *Daily Post*, 27 February 1928, 3, and *Morning Leader*, 16 March 1928, 10.
[49] Registrar of Co-operative Associations, Files 207M and 208M, loc. cit.
[50] Ibid.
[51] Ibid.
[52] Ibid.
[53] Ibid.
[54] Saskatchewan, *Royal Milk Inquiry Commission*, 16 February 1934, unpublished Sessional Paper No. 51, 1934, SAB.
[55] *Leader-Post*, 7 May 1932, 2 and 3.

[56] *Leader-Post*, 11 February 1932, 9.

[57] *Leader-Post*, 12 February 1932, 13.

[58] Saskatchewan, Provincial Secretary, Defunct Company Files, 6192, SAB.

[59] *Leader-Post*, 6 June 1935, 3.

[60] It was not until 1938 that the question of the compulsory pasteurization of Moose Jaw's milk supply was put to a vote. In the plebiscite held in that year Moose Jaw citizens rejected compulsory pasteurization by 2,224 to 1,386. See Bylaw 1543 which authorized the plebiscite and the correspondence attached. City Hall, Moose Jaw, Saskatchewan.

[61] Saskatchewan, Department of Agriculture, Dairy Branch, Cream Buying Stations, 1916-1934, General 1916-1934, SAB.

[62] *Moose Jaw Evening Times*, 3 April 1922, 3.

[63] Ibid.

[64] Registrar of Co-operative Associations, File 740M, loc. cit.

[65] *Moose Jaw Evening Times*, 31 July 1922, 5.

[66] Saskatchewan, Department of Agriculture, Dairy Branch, "Articles: P.E. Reed," Office of the Dairy Commissioner for the Province of Saskatchewan.

[67] *Moose Jaw Evening Times*, 10 April 1922, 5.

[68] Registrar of Co-operative Associations, File 740M, loc. cit.

[69] *Moose Jaw Evening Times*, 10 March 1924, 8.

[70] *Moose Jaw Evening Times*, 15 March 1924, 7.

[71] *Moose Jaw Evening Times*, 28 November 1925, 5.

[72] *Moose Jaw Evening Times*, 1 December 1925, 5.

[73] *Moose Jaw Evening Times*, 3 April 1926, 7. William Henry Johnstone started in the dairy business in 1910 and by 1912 delivered milk to Moose Jaw. In 1916 he built the most modern barn in the Cobourg district and from 1916 to 1925 he operated the Cobourg Dairy. Ellis Johnstone, his brother, operated the Sanitary Dairy and in 1926 the brothers merged their operations. The Cobourg Dairy, the name of the merged dairy enterprise, continued to supply milk to the Moose Jaw market and opened a creamery in Maple Creek. In 1929, Cobourg Dairies was sold to Palm Dairies and William was employed as the manager of Palm's newly acquired facilities. Ellis later replaced William as Palm's manager and the latter opened Johnstone Dairies Limited in Moose Jaw in 1935 where "Johnstone" brand butter was produced. In 1954 a branch of Johnstone Dairies opened in Swift Current. Johnstone Dairies was merged with the Saskatchewan Co-operative Creamery Association in 1966.

Frederick Howard Jones began dairy operations at his Rideau Heights Dairy in 1915. He delivered milk to Moose Jaw until 1927 when his milk delivery equipment was sold to J.A. Caulder's company. Jones re-entered the milk delivery business in 1932. He sold his delivery business to Palm Dairies in 1937 and disposed of his dairy cattle in 1942.

[74] Registrar of Co-operative Associations, Files 209M and 210M, loc. cit.

[75] Ibid.

[76] Ibid.

[77] *Battleford Press*, 26 August 1937, 1.

[78] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1920-1964, Creamery File 46, SAB.

[79] Ibid.

[80] *The Primrose Guide*, 25 January 1946, 1.

CHAPTER EIGHT

[1] Saskatchewan, Department of Agriculture, *Annual Report*, 1938, 201, SAB.

[2] Saskatchewan, Department of Agriculture, Dairy Branch, "Articles: P.E. Reed," Available in the office of the Dairy Commissioner for the Province of Saskatchewan.

[3] Innis, *The Dairy Industry in Canada*, 200.

[4] Contributed by E.H. Jones, Moose Jaw, Saskatchewan. See Chapter Seven, note 73.

[5] Contributed by Alex Duck, Regina, Saskatchewan. Henry Crosby Duck was born in England in 1869 and came to Saskatchewan in 1913. In 1915 he bought land adjacent to the Royal Canadian Mounted Police barracks in Regina which he began to supply with milk. By the end of World War I, Duck had expanded his milk deliveries to the City of Regina and his farm became known as Savernake Dairy Farm. In 1930 fire destroyed Duck's dairy herd and he acquired a new foundation herd. Many of the cows were purchased from the Canadian Pacific Railway farm at Strathmore, Alberta. Duck ceased to deliver milk in Regina in 1942 and instead sold his milk to Palm Dairies. This left only one producer-distributor, Fred Brooks, in

the Regina fluid milk market. Duck died in June 1944 and his wife operated the dairy until her death in 1950. Her son, Alex Duck took over the business which was struck with tragedy in 1952, when foot-and-mouth disease necessitated the complete destruction of the Savernake herd. Alex Duck purchased an entire herd of dairy cattle from Arthur Hankins, Valparaiso, Saskatchewan, and continued to produce milk for the Regina market until June 1964.

[6] Saskatchewan, Department of Agriculture, *Annual Report*, 1938, 182, SAB. The Loveridge family has marketed milk in Regina since 1913. A.J. Loveridge homesteaded at Duff, Saskatchewan in 1884 and moved, in 1898, to the Grenfell area where Gordon was born in 1900. Gordon Loveridge graduated from the University of Saskatchewan in 1923 after which he devoted his energy to the dairy enterprise of the family and to the dairy industry of the province. He was a member of the Regina Milk Producers' Association, a director of the Saskatchewan Dairy Association and the president of the Association in 1937-1938. He was appointed a director of the Saskatchewan Co-operative Creamery Association in 1943 and became an elected director of the Association in 1946. He served as president of the co-operative from 1946 to 1961 and remained active in it until 1969. Loveridge was also active in the Dairy Farmers of Canada and served as president of the organization in 1957.

[7] Saskatchewan, Department of Agriculture, *Annual Report*, 1940, 129, SAB.

[8] *Leader-Post*, 3 December 1931, 12.

[9] *Leader-Post*, 17 December 1931, 10.

[10] *Statutes of Saskatchewan*, 1933, 23 Geo. 5, c. 85.

[11] Saskatchewan, Department of Agriculture, Dairy Branch, Saskatchewan Co-operative Creameries, SAB.

[12] Saskatchewan, Treasury Department, Saskatchewan Co-operative Creameries, General, SAB.

[13] Ibid.

[14] When compulsory cream grading was first suggested it was recognized that it would require the participation of all three prairie provinces. The emergence of the Provincial Dairymen's Advisory Committee out of the meetings held to secure uniformity of cream grading practices is discussed in Chapter Five.

[15] Minutes of the meeting of creamery operators, 18 April 1928. At this meeting it was agreed that the work of the general secretary of the Provincial Advisory Committee should be handled by a member of the staff of the Saskatchewan Co-operative Creameries Company.

[16] Saskatchewan, Department of Agriculture, Dairy Branch, Cream Grading, 1920-1949, Operation, 1923-1948, Manitoba Border, 1923-1936, SAB.

[17] Ibid.

[18] Ibid.

[19] Saskatchewan, Department of Agriculture, Dairy Branch, Cream Grading, 1920-1949, Operation, 1923-1948, Standards, 1924-1935, SAB.

[20] Ibid.

[21] Saskatchewan, Department of Agriculture, Dairy Branch, Cream Grading, 1920-1949, Provincial Dairymen's Advisory Committee, 1923-1940, SAB.

[22] Ibid.

[23] Ibid.

[24] Minutes of the meeting of creamery operators, 9 July 1934.

[25] *Statutes of Canada*, 1934, 24-25 Geo. 5, c. 57.

[26] Saskatchewan, Department of Agriculture, Dairy Branch, Cream Grading, 1920-1949, Provincial Dairymen's Advisory Committee, 1923-1940, SAB.

[27] Ibid.

[28] Ibid.

[29] See the discussion of the Regina Dairy Pool in Chapter Seven.

[30] *Leader-Post*, 6 May 1932, 1. The thirteen firms were Purity, Saskatchewan Co-operative Creameries, Maple Crest, Savernake, Pure Milk, Mid-West, Palm, Prairie, Regina Milk Pool, Primrose, Model Dairy Farm, Premier and T. Eaton Company.

[31] Saskatchewan, Department of Agriculture, Dairy Branch, Milk, 1918-1947, Price War, 1931-1933, SAB.

[32] See a series of articles describing the Winnipeg milk market by T.H. Hart, *Leader-Post*, 3, 4, 6 November 1933.

[33] Saskatchewan, Department of Agriculture, Dairy Branch, Milk, 1918-1947, Price War, 1931-1933, SAB.

[34] Ibid. A.W. Edgar left Ireland in 1904 and found employment on a dairy farm near Regina in the same year. In 1907 he joined Swift Canadian Company as a salesman. From 1911 to 1914

he was manager of cold storage facilities of Gordon, Ironsides and Fares Company at Regina. He resigned this position to become sales manager for the Dominion Dairy Company under Leo McDonald. When McDonald went to Melville as manager of the government's creamery there, Edgar became manager of the Dominion Dairy Company. He remained in this position until 1924 when he organized Purity Dairy Limited. He left Purity Dairy on 30 September 1935 and assumed management of Palm Dairies, Limited.

[35] *Leader-Post*, 3 January 1933, 1.

[36] *Leader-Post*, 3 January 1933, 16.

[37] *Leader-Post*, 3 January 1933, 1, and 4 January 1933, 1.

[38] Saskatchewan, Department of Agriculture, Dairy Branch, Milk, 1918-1947, Price War, 1931-1933, SAB.

[39] Ibid.

[40] *Saskatoon Star Phoenix*, 8 September 1933, 4.

[41] *Saskatoon Star Phoenix*, 8 September 1933, 3, and 11 September 1933, 7.

[42] Saskatchewan, Department of Agriculture, Dairy Branch, Milk, 1918-1947, Price War, 1931-1933, SAB.

[43] Ibid.

[44] Ibid.

[45] Saskatchewan, Order-in-Council, 1037/33, 27 October 1933.

[46] Saskatchewan, *Royal Milk Inquiry Commission*, 16 February 1934, unpublished Sessional Paper No. 51, 1934, SAB.

[47] *Leader-Post*, 8 February 1934, 3.

[48] *Statutes of Saskatchewan*, 1934-1935, 25 Geo. 5, c. 58.

[49] Saskatchewan, *Sessional Papers*, 1934-1935, no. 43, "Annual Report of the Local Government Board for the Province of Saskatchewan," SAB.

[50] Saskatchewan, Milk Control Board, File 30, SAB.

[51] Ibid.

[52] Saskatchewan, Milk Control Board, File 130, SAB.

[53] *Statutes of Saskatchewan*, 1934-1935, 25 Geo. 5, c. 58.

[54] Ibid.

[55] *Leader-Post*, 8 April 1935, 3.

[56] Saskatchewan, Milk Control Board, File 123, SAB.

[57] Saskatchewan *Gazette*, 16 August 1937, 1.

[58] Saskatchewan, Milk Control Board, File 87, SAB.

[59] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1920-1964, Cheese Factory Files, 1920-1963, Mattes Cheese Factory, 1934-1951, SAB.

[60] Ibid., Park Valley Cheese Factory, 1927-1951. Einar Petersen, who now resides in Battleford, Saskatchewan, carried the concept of portability to its extreme in the 1930s. Petersen, who came to Canada in 1928, had learned to make cheese in Europe. Petersen found employment with City Dairy in Winnipeg and then worked at the Melfort branch of the Saskatchewan Co-operative Creameries under Robert Hastie. In winter 1931, farmers asked Petersen to make cheese for them and he decided to make a business of going from farm to farm to make cheese. He acquired cheese vats, cheese presses, curd cutters and cheese cutters and was in business. Some of his equipment was acquired from Grant MacEwan at the University of Saskatchewan. Petersen placed an advertisement in the Melfort paper which read, "My services for cheese making will be available on and after June 1st. Get your cheese made of your own milk and right at your own place." He transported his equipment in a two-wheeled cart pulled by one horse. He charged two dollars for his services at each farm and usually made cheese at three farms each day. His board and room were supplied by the farmers for whom he made cheese. Petersen made cheese in this way during the summer months of 1931, 1932 and 1933. In 1935 he found employment with the Prince Albert Creamery Company as a buttermaker and remained as a buttermaker for the Saskatoon Dairy Pool after the Pool purchased the Prince Albert company in 1940. Petersen retired in 1969.

[61] *Leader-Post*, 4 November 1932, 9.

[62] See a series of articles written for *The Primrose Guide* by G.J. Orchard. *The Primrose Guide*, 27 January, 24 February, 24 March, 1961.

[63] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Cheese Factory Correspondence, 1926-1942, Cheese Manufacturers' Meetings, 1932-1942, SAB.

[64] Ibid.

[65] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Cheese Factory Correspondence, 1926-1942, General, 1926-1941, SAB.

[66] Ibid.

[67] Ibid.

[68] Saskatchewan, Department of Agriculture, *Annual Report*, 1939, 128, SAB.

[69] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Cheese Factory Correspondence, 1926-1942, General, 1926-1941, SAB.

[70] Ibid.

[71] Minutes of the meeting of the directors of the Saskatchewan Dairy Association, 5 February 1935.

[72] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Cheese Factory Correspondence, 1926-1942, Cheese Manufacturers' Meetings, 1932-1942, SAB.

[73] Saskatchewan, Department of Agriculture, Dairy Branch, Saskatchewan Dairy Association, 1916-1949, Directors, 1929-1947, SAB.

[74] Ibid. Everett Augustus Lewis was born in Nebraska in 1894. In 1917 he was an employee of P. Burns and Company in Calgary. He was transferred to Moose Jaw in 1918 when Burns opened a creamery there. In 1919 he went to Prince Albert and ran the Burns plant there in competition with R.W. Heim. One year later he was sent to Ontario after Burns had purchased the Palmerston Dairy. In 1924 this Ontario operation was sold and Lewis was transferred to Saskatoon where he remained until 1946. Lewis then became general manager of Palm Dairies Limited, a post he held until his retirement in 1962.

[75] Minutes of the meeting of the directors of the Saskatchewan Dairy Association, 6 February 1935.

[76] Ibid.

[77] Innis, *The Dairy Industry in Canada*, Chapter 2.

[78] Minutes of the meeting of the directors of the Saskatchewan Dairy Association, 22 April 1931.

[79] Saskatchewan, Department of Agriculture, Dairy Branch, Saskatchewan Dairy Association, 1916-1949, Canadian Dairy Farmers' Federation, 1935-1942, SAB.

[80] Ibid.

[81] Ibid.

[82] Ibid.

[83] Ibid.

[84] Saskatchewan, Department of Agriculture, Dairy Branch, Saskatchewan Dairy Association, 1916-1949, National Dairy Council, 1935-1949, SAB.

[85] Minutes of the meeting of the directors of the Saskatchewan Dairy Association, 18 April 1939.

[86] Ibid., 5 September 1939.

[87] Ibid., 20 May 1940.

[88] Saskatchewan, Department of Agriculture, Dairy Branch, Saskatchewan Dairy Association, 1916-1949, National Dairy Council, 1935-1949, SAB.

[89] Ibid.

[90] Saskatchewan, Department of Agriculture, Dairy Branch, Saskatchewan Dairy Association, 1916-1949, Dairy Farmers of Canada, 1942-1948, SAB.

[91] Saskatchewan, Department of Agriculture, Dairy Branch, Saskatchewan Dairy Association, 1916-1949, Canadian Dairy Farmers' Federation, 1935-1942, SAB.

[92] Ibid.

[93] Ibid.

[94] Minutes of the meeting of creamery operators, 17 April 1942.

[95] Saskatchewan, Department of Agriculture, Dairy Branch, Saskatchewan Dairy Association, 1916-1949, Canadian Dairy Farmers' Federation, 1935-1942, SAB.

CHAPTER NINE

[1] For a summary of the expansion of the Saskatoon Dairy Pool see an article by G.J. Orchard in *The Primrose Guide*, 24 February 1961, 8.

[2] *The Primrose Guide*, 25 July 1941, 4.

[3] Registrar of Co-operative Associations, Credit Union Central, 2055 Albert St., Regina, Saskatchewan, File 203M.

[4] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Saskatchewan Co-operative Creameries, 1917-1944, Attorney General, 1938-1939, SAB.

[5] Ibid. Walter W. Brown obtained his public and high school education in Broadview and

Regina and graduated from the University of Saskatchewan in 1925. In autumn 1925 he joined the staff of Caulder's Creameries as manager of the Bulyea creamery. He was transferred to Wilkie in 1927 and to Yorkton in 1929. In 1938 he became branch supervisor and manager of the poultry department for the Saskatchewan Co-operative Creameries Company in Regina. He was a leader in the formation of the Western Canada Produce Association in 1945 and was first a director of the association, then its president in 1954. In 1965 the association presented him with an Award of Merit. He was a provincial director of the Canada Produce Council when it was formed in 1950. He remained a director for fifteen years and was president in 1955. He served as national director of the Poultry Products Institute of Canada and as chairman and a director of the Saskatchewan Poultry Board. W.W. Brown is retired and lives in Regina.

[6] *The Western Producer*, 14 July 1938, 2.

[7] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Saskatchewan Co-operative Creameries, 1917-1944, Attorney General, 1938-1939, SAB.

[8] *Statutes of Saskatchewan*, 1937, 1 Geo. 6, c. 99.

[9] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Saskatchewan Co-operative Creameries, 1917-1944, Attorney General, 1938-1939, SAB.

[10] Ibid.

[11] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Saskatchewan Co-operative Creameries, 1917-1944, Minister of Agriculture, 1938-1944, SAB.

[12] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Saskatchewan Co-operative Creameries, 1917-1944, Dairy Commissioner, 1928-1943, SAB.

[13] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Saskatchewan Co-operative Creameries, 1917-1944, Attorney General, 1938-1939, SAB.

[14] Ibid.

[15] *Statutes of Saskatchewan*, 1939, 3 Geo. 6, c. 97.

[16] Saskatchewan, Treasury Department, Saskatchewan Co-operative Creameries: General, March 1936-April 1944, SAB. The absent Caulder still influenced these negotiations. The representatives of the bond holders, Col. F.J. James and T. Miller, reminded the government that Caulder had received full value for his *shares*. (He didn't but it was generally thought that he did.) T.C. Davis made it clear that the government did not intend to subsidize a small group of investors in the old Caulder's Creameries. The taxpayers of the province, stated Davis, would be justified in taking a loss for the benefit of the dairy industry as a whole but not for the benefit of a select group of investors.

[17] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Saskatchewan Co-operative Creameries, 1917-1944, Attorney General, 1938-1939, SAB.

[18] Ibid.

[19] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Saskatchewan Co-operative Creameries, 1917-1944, Dairy Commissioner, 1928-1943, SAB.

[20] Ibid.

[21] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Saskatchewan Co-operative Creameries, 1917-1944, Minister of Agriculture, 1938-1944, SAB.

[22] Ibid.

[23] Ibid.

[24] Ibid.

[25] *Statutes of Saskatchewan*, 1941, 5 Geo. 6, c. 90.

[26] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Saskatchewan Co-operative Creameries, 1917-1944, Minister of Agriculture, 1938-1944, SAB.

[27] Ibid.

[28] Saskatchewan, Order-in-Council, 969/43, 31 August 1943.

[29] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1888-1944, Saskatchewan Co-operative Creameries, 1917-1944, Minister of Agriculture, 1938-1944, SAB.

[30] Ibid.

[31] Ibid.

[32] Ibid.

[33] Ibid.

[34] *The Primrose Guide*, 30 June 1944, 1.

[35] Ibid.

[36] *Leader-Post*, 13 April 1947, 3.

[37] A copy of the bylaws of the Saskatchewan Co-operative Creamery Association is available at the head office of Dairy Producers Co-operative, Regina, Saskatchewan.

[38] The following summary of the complex interrelationships between creamery companies in Saskatchewan has relied upon Saskatchewan, Department of Agriculture, *Annual Reports*, Defunct Company Files of the Saskatchewan Provincial Secretary available at the Saskatchewan Archives Board and newspaper reports. *The Primrose Guide* was important in detailing the acquisitions of the Saskatoon Dairy Pool.

[39] *Statutes of Saskatchewan*, 1937, 1 Geo. 6, c. 65.

[40] Saskatchewan, Department of Agriculture, Dairy Branch, Creameries and Cheese Factories, 1920-1964, Creamery Files, File 43, SAB.

[41] Registrar of Co-operative Associations, File 211M, Credit Union Central, 2055 Albert St., Regina, Saskatchewan.

[42] *The Primrose Guide*, 20 December 1957, 1.

[43] *The Primrose Guide*, 1 November 1967, 1.

[44] G.E. Britnell and V.C. Fowke, *Canadian Agriculture in War and Peace*, 115.

[45] *Canada Year Book*, 1970-1971, 557-558.

[46] *The Primrose Guide*, 1 October 1967, 9.

[47] *Canada Year Book*, 1970-1971, 558.

[48] *The Primrose Guide*, 1 June 1968, 4.

[49] See *Canadian Farm Economics* (Ottawa: Economics Branch, Canada Department of Agriculture), October 1972, December 1972, October 1973, and February 1979.

[50] *The Primrose Guide*, 1 July 1968, 5.

[51] Saskatchewan, Department of Agriculture, *An Economic Evaluation of the Saskatchewan Dairy Industry and Its Future* (Regina, December 1971).

[52] *Leader-Post*, 18 February 1972, 15.

[53] *The Western Producer*, 18 October 1973, 32.

[54] *The Western Producer*, 29 March 1973, 11.

[55] *The Western Producer*, 20 June 1974, 11.

[56] Milk Control Board of Saskatchewan, *Annual Report*, 1974, 4.

[57] See *Science Digest*, February 1956 and *The Family Herald and Weekly Star*, 7 May 1941.

[58] See *Dairymen's Topics*, February 1943, August 1943, April 1944, and June 1945. *Dairymen's Topics* was a monthly bulletin issued by the dairy branch of the Department of Agriculture.

[59] *Statutes of Saskatchewan*, 1939, 3 Geo. 6, c. 75. *The Horned Cattle Purchase Act* came into force July 1939. It provided for a deduction of one dollar per head from the purchase price of all horned cattle over four hundred pounds marketed in or from Saskatchewan. The act's immediate purpose was to encourage dehorning, but the substantial sums so collected were used to further livestock improvement. A part of these funds was used after 1 January 1941 to bonus the purchase of purebred bulls. The bonus amounted to 20 percent of the purchase price up to a maximum of thirty dollars. After 1 August 1942 only owners of grade herds were eligible for this bonus. By April 1946, 8,492 herd owners had received bonuses amounting to $156,593.44. The horned cattle fund was also used to purchase a limited number of outstanding bulls to be placed with groups of from two to four breeders and for use in artificial insemination.

[60] *The Western Producer*, 29 November 1956, 7.

[61] Saskatchewan, Department of Agriculture, *Annual Report*, 1958, A.1.6.

[62] *Statutes of Saskatchewan*, 1959, 8 Eliz. 2, c. 43.

[63] *Leader*, 1 March 1949, 9.

[64] *Leader*, 22 February 1940, 24.

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